

## Historic, archived document

Do not assume content reflects current  
scientific knowledge, policies, or practices.



*Revised*  
*1.9 EC 752F - TS*  
**Tobacco  
Situation**

Economics, Statistics,  
and Cooperatives Service

TS-172

U.S. Department of  
Agriculture

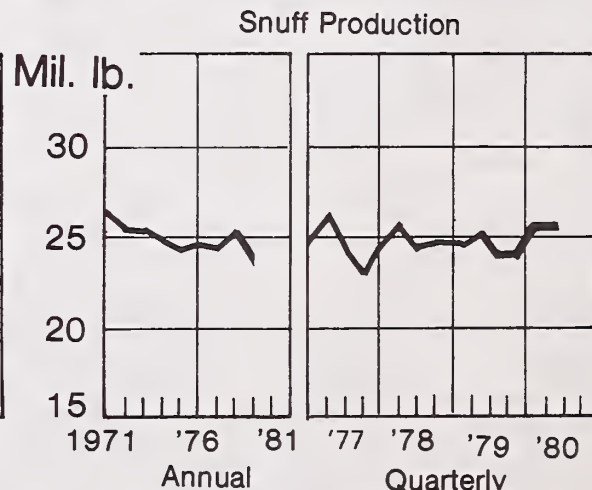
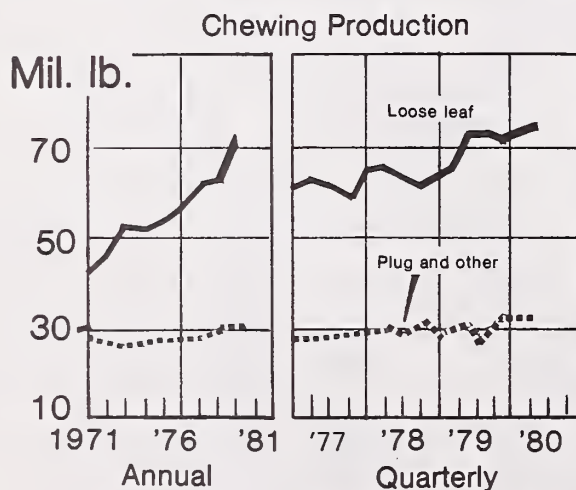
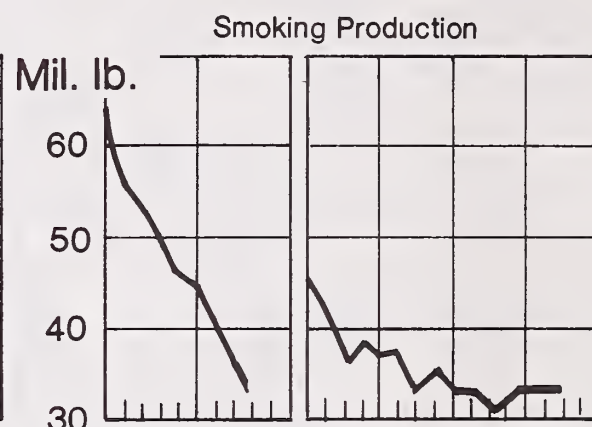
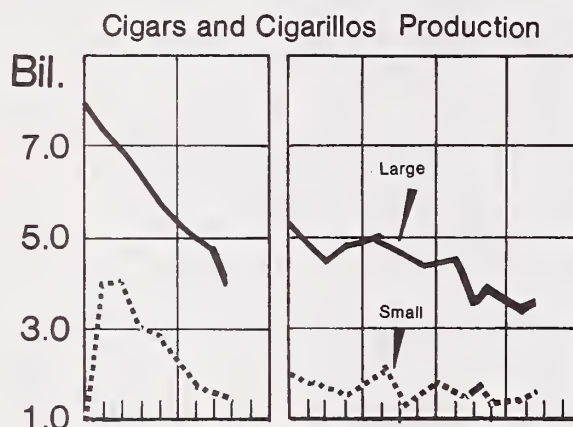
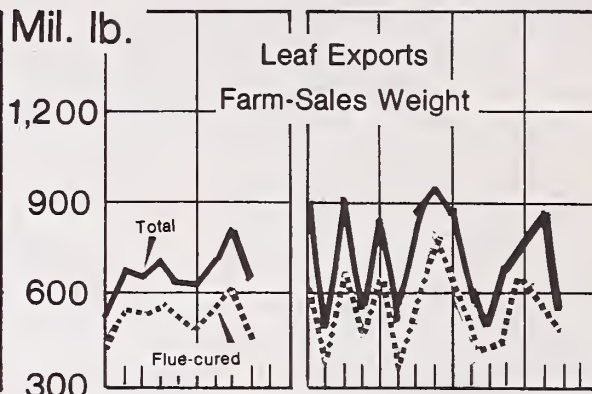
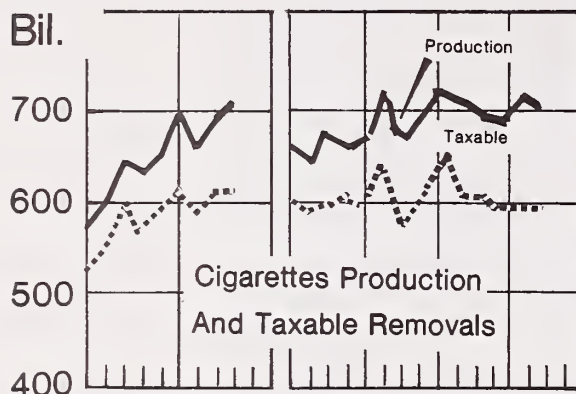
JUNE  
1980

Approved by the  
World Food and  
Agricultural Outlook  
and Situation Board



# Tobacco Outlets

## Trends in Manufactured Products and Exports



Seasonally Adjusted  
At Annual Rates

Seasonally Adjusted  
At Annual Rates

Last quarter shown estimated.



# THE TOBACCO SITUATION

## CONTENTS

	<i>Page</i>
Summary . . . . .	3
Tobacco Products . . . . .	4
U.S. Exports and Imports . . . . .	7
Tobacco Leaf Situation and Outlook. . . . .	10
Flue-Cured Tobacco Production Costs: A Preview of 1980 . . . . .	23
Statistical Summary. . . . .	27
List of Tables . . . . .	32

Approved by  
The World Food and Agricultural  
Outlook and Situation Board  
and Summary released  
June 13, 1980

Principal Contributor:  
Robert H. Miller  
202 447-8776

National Economics Division  
Economics, Statistics, and Cooperatives Service

U.S. Department of Agriculture  
Washington, D.C. 20250

The Tobacco Situation is published in March, June,  
September and December.

## SUMMARY

Despite stable domestic cigarette sales, total U.S. tobacco use in the 1979/80 marketing year will fall below last year's level because of a drop in U.S. leaf exports. However, disappearance is about one-sixth above 1979's short crop, and the July carryover (October 1 for burley and other kinds) will fall sharply from last year's 3.6 billion pounds (1.6 million metric tons).

Cigarette consumption remains steady since the larger adult population is offset by reduced per capita use. Cigarette output for the year ending June 30 may fall about 1 percent below the 707 billion cigarettes produced in 1978/79 because manufacturers have reduced inventories. Cigarette exports continue to gain briskly, so a modest gain in U.S. cigarette output is expected in the second half of 1980. Output of smokeless products (snuff and chewing tobacco) is increasing, but cigar and smoking tobacco production continues below a year earlier.

Unmanufactured tobacco exports for July 1979-April 1980 were 12 percent below a year earlier (farm weight). So shipments for the year ending June 30 will fall short of the 671 million pounds (358,000 metric tons; 790 million pounds, farm sales weight) of July 1978-June 1979. Several European manufacturers had rebuilt stocks of U.S. tobacco in 1978, but reduced purchases when demand fell and the 1979 U.S. crop was extremely short.

Based on planned acreage and average yields, the total U.S. tobacco crop could reach 1.9 billion pounds (866,000 metric tons) in 1980, one-fourth larger than last year. With the 9-percent higher support level, prices may average slightly higher than in 1979. Overseas purchases from the 1980 crop could increase from the low level of 1979 if the U.S. crop size reaches the projections with above-average quality.

Flue-cured tobacco exports in July 1979-April 1980 were below a year earlier. Some European Community destinations substantially reduced imports due to a stock increase the previous year. For the year ending June 30, about 365 million pounds (166,000 metric tons; 510 million pounds, farm sales weight)

will be exported, 18 percent less than 1978/79. Burley exports for the crop year ending September 30 are expected to exceed last year's record level of 86 million pounds (39 thousand metric tons; 121 million pounds, farm sales weight).

During July 1979-April 1980, tobacco imports were 321 million pounds, declared weight (146,000 metric tons), 6 percent below a year earlier. Imports are mostly cigarette leaf and scrap. U.S. manufacturers' stocks of imported cigarette tobacco on April 1 were 4 percent above a year earlier, while stocks of foreign-grown cigar tobacco decreased 9 percent.

With steady cigarette output, domestic flue-cured use for the year ending June 30 is close to last season's level. But with smaller exports, total disappearance of flue-cured tobacco will fall 8 percent below the 1.18 billion pounds (537,000 metric tons) of last season. This year's disappearance still exceeds the very low 1979 crop, so the July 1980 carryover of flue-cured will fall below the 2.1 billion pounds (941,000 metric tons) of a year earlier.

April planting intentions point to 13 percent more flue-cured acreage than last year. With average growing conditions, the crop could be one-fifth larger than last season. For the new season, total supply (estimated carryover plus the projected 1980 crop) may be up 1 to 2 percent. A larger crop this season and prospects for foreign and domestic buying to barely equal last seasons's level means larger loan receipts and many grade prices near the average of last year. The Crop Production Report to be issued July 11 will include a flue-cured production forecast based on yield surveys conducted about July 1.

Opening dates for the flue-cured crop auctions will be recommended to USDA on June 27. Sales starting the second half of July are possible. The grower designation provisions remain in effect. To receive price support, growers must plant within the farm acreage allotment; and they must certify that they did not use DDT, TDE, toxaphene, or endrin pesticides on their crop.

Burley tobacco use in 1979/80 may total about the same as last season's 624 million pounds (283,000 metric tons) and well above the 1979 crop size. Thus, the October 1 carryover is expected to fall from last year's 1.2 billion pounds (550,000 metric tons). With larger farm poundage quota and average yields, growers in 1980 are expected to produce and market a crop above last year's size and keep total supplies about the same.

Auction markets for 1979-crop Maryland tobacco began April 9 and ended May 22. Prices averaged \$1.40 per pound, 17 cents more than a year earlier. Disappearance of Maryland tobacco in the current marketing year may not equal last season since exports are down.

Despite larger carryover, use of fire-cured and dark air-cured tobaccos are decreasing from last marketing year. Tentative supplies for next season are slightly higher than the season now ending. Domestic cigar leaf use is rising, cigar production continues to drop, and chewing tobacco output is gaining. Estimated use for cigar types will exceed last year's crops, leaving smaller carryovers into 1980/81. Prospective larger crops for 1980 could maintain total supplies.

## TOBACCO PRODUCTS

### Steady U.S. Cigarette Use in 1979/80

Cigarette consumption remains steady. The larger adult population is offset by reduced per capita use. U.S. manufacturers shipped about the same quantity of cigarettes for domestic use from July 1979 to April 1980 as in the comparable period in 1978/79. Consumption by U.S. smokers in the year ending June 30 may have changed little from last year's 616 billion cigarettes (table 1). Domestic cigarette use is expected to continue steady during July-December 1980.

Total output in 1979/80 is estimated to reach 700 billion cigarettes, about 1 percent below last year's level. This includes about 100 billion cigarettes for export and overseas shipments. Exports gained 10 percent through April, reflecting the continued growth in worldwide preference for U.S. cigarettes (table 2).

Manufacturers raised cigarette prices 3.5 percent in May. The previous increase was in late December

Table 2—U.S. cigarette exports to leading destinations, 1978-80

Country	1978	1979 <sup>1</sup>	January-April <sup>1</sup>	
			1979	1980
	Billions			
Belguim-Luxembourg. . .	13.6	13.7	4.0	5.6
Hong Kong. . . . .	6.2	6.3	1.8	2.3
United Arab Emirates . .	1.7	5.9	1.9	2.8
Netherlands Antilles . . .	4.5	4.4	1.6	1.2
Saudi Arabia. . . . .	3.9	4.3	1.4	1.4
Japan . . . . .	3.8	3.7	1.3	1.1
Kuwait . . . . .	1.8	3.7	1.2	1.4
Spain . . . . .	3.4	3.6	1.0	1.1
Canary Islands. . . . .	1.6	2.1	1.1	1.2
Iran. . . . .	8.4	2.1	( <sup>2</sup> )	0
Panama. . . . .	1.5	2.0	.6	1.0
Lebanon . . . . .	1.8	1.7	.1	.8
Other. . . . .	22.2	26.2	8.2	10.0
Total. . . . .	74.4	79.7	24.2	29.9

<sup>1</sup> Subject to revision, <sup>2</sup> Less than 500 thousand.

Compiled from publications and records of the Bureau of the Census.

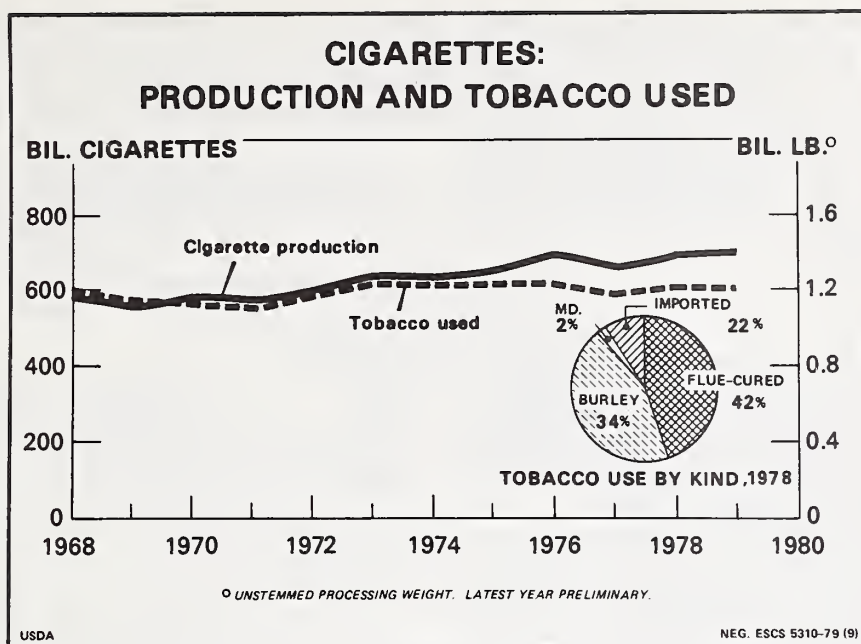


Table 1.-- Cigarettes: U.S. output, removals, and consumption, 1970-80

Year	Output	Removals					Estimated inventory increase	Total U.S. consumption
		Taxable	Tax-exempt			Overseas forces		
			Total	Exports	Shipments			
Billions								
1970	583.2	532.8	51.2	29.2	3.7	18.4	14.7	536.5
1971	576.4	528.9	49.2	31.8	2.7	14.7	-11.4	555.1
1972	599.1	551.0	49.0	34.6	2.1	12.3	-3.3	566.8
1973	644.2	590.3	55.9	41.5	2.0	12.4	13.1	589.7
1974	635.0	576.2	59.2	46.9	1.9	10.4	-12.1	599.0
1975	651.2	588.3	62.3	50.2	1.5	10.6	-7.7	607.2
1976	693.4	617.9	72.1	61.4	1.9	8.8	13.5	613.5
1977	665.9	592.0	78.1	66.8	1.1	10.2	-14.4	617.0
1978	695.9	614.2	85.1	74.4	1.2	9.6	8.2	616.0
1979 4/	704.2	613.8	93.8	79.7	1.1	13.0	7.4	620.0
Year ending June 30 --								
1971	585.1	539.6	47.5	29.0	3.2	15.2	10.9	544.0
1972	592.6	542.6	50.2	32.8	2.2	15.2	-8.5	566.4
1973	615.6	562.7	52.2	38.3	2.3	11.6	-2.2	576.8
1974	652.0	594.9	59.1	44.9	2.0	12.2	12.2	595.0
1975	626.8	570.3	57.4	46.6	1.7	9.1	-21.7	601.0
1976	688.2	619.1	69.8	58.2	1.9	9.6	14.0	615.0
1977	671.7	596.3	74.1	62.8	1.3	10.0	-9.7	616.5
1978	685.4	609.6	81.5	69.4	1.0	11.1	3.0	618.0
1979	707.0	615.2	92.2	78.8	1.2	12.2	12.1	616.0
1980 5/	700.0	600.0	100.0	87.0	1.3	12.0	-7.5	620.0

1/ To Puerto Rico and other U.S. possessions. 2/ Includes ship stores and small tax-exempt categories. 3/ Taxable removals, overseas forces, inventory change and imports (negligible). 4/ Subject to revision. 5/ Estimated.

Compiled from reports of the Bureau of Alcohol, Tobacco, and Firearms and the Bureau of the Census.



and early January. As estimated by State tax data, unit cigarette sales in January-March 1980 were up 0.3 percent from a year earlier. There was an additional sales day this year. Also, sales were shifted around the 3-month span when wholesalers added inventory before the December-January price increase. State tax rates have changed little. A year ago inventories were built up when firms were anticipating a trucking strike.

### Cigar Volume Reduced

From July 1979 through March 1980, U.S. cigar consumption totaled 2.9 billion *large cigars* (including cigarillos), 15 percent fewer than the year before. Demand has been declining in low and medium price categories for several years. In contrast, demand for higher price cigars remains strong (table 3).

Production of *small cigars* (those weighing less than 3 pounds per thousand) totaled 1.1 billion in the 9 months through March 1980. For the year through June 1980, output probably stayed near the year-ago level (table 4).

According to the annual survey by the Cigar Association of America, sales of cigarillos totaled 1.5 billion in calendar 1979, down 9 percent from 1978. Cigarillos weigh between 3 and 10 pounds per 1,000, less than half as much as the traditional cigar.

Cigarillo sales (based on taxable removals) in 1979 were 35 percent of total sales of large cigars and cigarillos, the same share as in 1978. The cigarillo share reached a high of 38 percent in 1971.

Table 4—Tobacco products: Output, 1978-80

Item	Year ending June 30—		
	1978	1979	1980 <sup>1</sup>
<i>Million pounds</i>			
Chewing tobacco			
Plug . . . . .	16.1	15.8	15.5
Twist . . . . .	2.1	2.1	2.0
Fine-cut . . . . .	10.9	12.7	14.0
Loose leaf . . . . .	62.8	66.7	74.5
Total . . . . .	92.0	97.3	106.0
Snuff . . . . .	24.4	24.0	24.0
Smoking tobacco in bulk (exports) . . . . .	3.4	17.1	25.0
<i>Millions</i>			
Small cigars . . . . .	1,846	1,458	1,500

<sup>1</sup> Estimated.

Basic data compiled from reports of the Bureau of Alcohol, Tobacco, and Firearms, and Agricultural Marketing Service, USDA.

Table 3—Cigars and smoking tobacco: Output, removals, and consumption, 1977-80

Year and item	United States factories			From Puerto Rico, taxable	Imports	Exports	Total U.S. consumption <sup>1</sup>
	Output	Removals					
		Taxable	Tax-exempt				

	Millions						
Large cigars and cigarillos							
1977 . . . . .	3,927	3,776	134	1,098	97	117	4,988
1978 . . . . .	3,795	3,621	164	986	99	168	4,702
1979 <sup>2</sup> . . . . .	3,601	3,356	179	841	107	177	4,306
	Year ending June 30--						
1977 . . . . .	4,047	3,864	141	1,229	92	143	5,183
1978 . . . . .	3,913	3,752	145	959	100	130	4,826
1979 . . . . .	3,703	3,478	167	961	99	178	4,527
1980 <sup>3</sup> . . . . .	3,400	3,100	170	735	100	180	3,925
	Million pounds						
Smoking tobacco							
1977 . . . . .	40.7	40.2	.7	---	<sup>3</sup> 7.2	<sup>3</sup> .8	47.3
1978 . . . . .	36.4	35.2	.8	---	6.7	.9	41.8
1979 <sup>2</sup> . . . . .	32.8	32.3	.9	---	5.0	.9	37.3
	Year ending June 30--						
1977 . . . . .	42.8	42.2	.8	---	9.5	.8	51.7
1978 . . . . .	37.6	37.5	.7	---	8.3	<sup>3</sup> .8	45.7
1979 . . . . .	34.3	33.7	.8	---	7.1	1.0	40.6
1980 <sup>3</sup> . . . . .	31.0	31.0	.9	---	5.0	.9	36.0

<sup>1</sup> Total removals (or sales) from U.S. factories plus those from Puerto Rico, and imports, minus exports. <sup>2</sup> Subject to revision. <sup>3</sup> Estimated.

Compiled from reports of the Bureau of Alcohol, Tobacco, and Firearms, Bureau of the Census, and AMS, USDA.



## Smoking and Chewing Tobacco

*Smoking tobacco* production and consumption for the year ending June 30 is showing a continuation of the downtrend since 1970. In the first 9 months of 1979/80, domestic smoking tobacco output fell 7 percent. Imports also declined and total domestic sales

dropped 13 percent to 27 million pounds. Declines occurred in sales of domestic tobacco for both pipes and roll-your-own cigarettes.

*Smokeless tobacco* output in 1979/80 is estimated above the previous year. Gains are occurring in production of loose-leaf and fine-cut tobacco, but snuff output is dropping (table 4).

## U.S. EXPORTS AND IMPORTS

### Exports Decline, Pace Moderates

For the year ending June 1980, exports of unmanufactured tobacco are estimated well below the previous 12 months' 671 million pounds, export weight, (790 million pounds, farm sales weight). During July 1979-April 1980, shipments decreased 14 percent to 521 million pounds. The average unit value of exports increased 3-1/2 percent. However, January-April exports of 218 million pounds were 11 percent above the same period in 1979. The seasonal peak in shipments to Japan, the European Community (EC), and other European markets came in late 1979 (table 5).

Flue-cured tobacco exports in the July-March period were down 17 percent, accounting for the decline in total exports. Burley was up but declines also occurred for Maryland and fire-cured kinds. Virtually all the EC countries took less. Japan took less due in part to reduced cigarette sales and large domestic production.

Export prospects for the rest of 1980 will do well to reach the 303-million-pound level of July-December 1979. Ample supplies of flue-cured tobacco in the United States, Brazil, Zimbabwe (formerly Rhodesia), and Korea, will hold down our exports in the upcoming marketing year. Consumption is stabilizing in major developed countries—traditional markets for U.S. leaf. Also, compared with 1979, interest rates are higher. The value of the U.S. dollar has strengthened this spring relative to a number of foreign currencies. While this has added to costs for foreign buyers, many leading currency units have still appreciated relative to year-earlier exchange rates.

*Zimbabwe* began public tobacco auctions in mid-April for the first time since 1965 (sanctions were lifted in December 1979). Early June sales averaged 48 cents per pound with one-fourth of the 220-million-pound crop sold. Quality is considered average. Growers are reportedly disappointed at the price levels, which are averaging below last year. In addition to the current crop, older crops are also reportedly available. Estimates range up to 150 million pounds. *Malawi*, another important African producer, has experienced depressed tobacco prices and

suspended sales. Auctions began in mid-March, and by mid-May one-fourth of the crop had been sold for an average of 55 cents per pound, compared with 96 cents at that stage last season.

*Canadian* tobacco manufacturers have again set a two price system for the 1980 Ontario flue-cured crop with a guaranteed minimum of \$1.28 per pound for 225 million pounds. The production target is 5 million pounds less than the original target last year. This year's goal includes an export target of 90 to 95 million pounds.

The 1979 Ontario flue-cured crop totaled 146 million pounds and auctions averaged C\$1.35 per pound, well above the guaranteed minimum of C\$1.16. The blue-mold outbreak reduced the crop 84 million pounds or 37 percent from 1978, to the lowest level since 1964.

### Imports Continue To Gain

U.S. unmanufactured tobacco imports for consumption (factory use) during July 1979-April 1980 were 8 percent above the level of a year earlier (table 6). Scrap, both for cigars and other products, as well as stems gained. Cigar leaf categories declined while cigarette leaf stabilized. Tobacco import costs remain very competitive, but the decline in output of cigars has reduced their tobacco requirements.

July 1979-April 1980 arrivals of tobacco (general imports) remained about equal to the same period a year earlier. U.S. purchases of leaf tobaccos (primarily oriental kinds) declined while scrap gained. By April 1 of this year, stocks of foreign-grown cigarette and smoking tobacco in the United States gained 28 million pounds or 6 percent above a year earlier.

### Customs Classifies Scrap Tobacco<sup>1</sup>

The Customs Service has reviewed a petition filed by a U.S. flue-cured tobacco producer requesting that machine threshed cigarette leaf tobacco, currently

<sup>1</sup>Customs Service, T.D. 80-132, *Fed. Reg.* Vol. 45, No. 99, May 20, 1980, pp. 33761-2.

Table 5—United States exports of unmanufactured tobacco by types and to principal importing countries, 1976-80

(Declared weight)

Type and country	Average 1969-73	1976	1977	1978	1979 <sup>1</sup>	January-April <sup>1</sup>		1980 as a percentage of
						1979	1980	1979
Type:								
Flue-cured . . . . .	398.9	378.7	411.7	454.8	370.6	126.9	127.5	101
Burley . . . . .	50.5	67.9	79.1	91.0	82.1	36.4	58.1	60
Maryland . . . . .	10.4	8.3	7.7	10.6	6.0	2.5	2.1	84
Fire-cured, Ky. and Tenn. . . . .	19.5	16.3	19.1	22.6	13.7	3.8	2.9	76
Virginia fire and sun-cured . . . . .	4.3	2.9	3.6	2.5	3.1	1.2	.5	42
Green River and One Sucker. . . . .	.6	.3	.1	.7	.2	*	*	--
Black Fat. . . . .	2.8	3.3	2.7	2.6	3.2	.8	.5	59
Cigar wrapper . . . . .	2.4	3.8	4.1	3.7	5.3	2.0	1.8	89
Cigar binder . . . . .	.2	.3	.2	*	.1	0	*	--
Cigar filler . . . . .	.4	.4	.3	.2	.2	.1	*	--
Perique . . . . .	.2	.1	.1	*	.1	.1	*	--
Stems, trimmings and scrap . . . . .	80.5	95.8	99.9	98.9	77.2	20.9	21.7	107
Other unmanufactured, NEC <sup>2</sup> . . . . .	—	—	—	12.4	5.7	2.2	2.9	132
Total . . . . .	570.7	578.1	628.6	700.0	567.4	196.8	218.1	111
Country of destination:								
United Kingdom . . . . .	102.9	71.8	46.8	148.8	68.2	19.9	5.3	27
France . . . . .	8.3	8.3	6.3	9.8	11.5	5.2	1.5	26
Belgium-Luxembourg. . . . .	14.4	7.5	10.4	16.9	5.4	.8	2.4	300
Netherlands . . . . .	27.9	24.7	30.5	34.2	29.3	5.1	17.2	337
West Germany. . . . .	97.7	73.7	78.9	53.2	67.7	16.9	35.7	211
Denmark . . . . .	21.0	9.0	16.9	27.1	16.4	.5	7.6	—
Ireland . . . . .	10.5	7.7	5.4	5.3	6.9	2.3	1.9	82
Italy . . . . .	17.8	33.2	40.6	41.0	34.8	21.4	20.5	96
Total EC. . . . .	300.5	235.9	235.8	336.3	240.2	72.1	92.1	128
Switzerland . . . . .	23.9	24.4	28.8	26.2	19.3	4.3	9.6	223
Finland. . . . .	5.0	6.2	5.3	7.8	7.0	3.1	3.8	123
Norway. . . . .	6.1	5.5	6.0	4.2	5.7	1.5	2.2	152
Sweden. . . . .	17.2	14.1	11.8	17.5	13.7	2.4	4.0	167
Spain . . . . .	5.0	4.7	5.1	19.9	1.0	0	9.9	—
Thailand . . . . .	19.7	21.8	16.0	18.2	18.8	18.8	22.6	120
Republic of Korea . . . . .	2.0	7.2	9.8	9.9	13.1	13.1	10.3	79
Malaysia . . . . .	8.7	7.3	12.3	10.1	8.4	2.2	1.3	59
Philippines. . . . .	8.3	13.0	15.4	13.9	11.4	4.3	3.4	79
Taiwan . . . . .	14.6	12.3	20.6	25.8	41.4	15.5	0	0
Japan. . . . .	70.6	132.7	135.4	102.3	95.9	24.4	13.2	54
Australia . . . . .	13.7	10.3	14.2	12.4	12.4	1.9	3.6	189
New Zealand. . . . .	2.9	4.9	5.0	3.7	4.0	1.3	1.5	115
Egypt. . . . .	3.5	11.1	26.7	24.5	3.8	3.4	7.1	209
Other countries . . . . .	69.0	66.7	80.4	67.3	71.3	28.6	33.5	180
Total . . . . .	570.7	578.1	628.6	700.0	567.4	196.8	218.1	111

<sup>1</sup> Preliminary. <sup>2</sup> New classification, January 1, 1978. Previously included in manufactured in bulk. \*Less than 100,000 pounds.

Detail may not add to total due to rounding.

Compiled from publications and records of the Bureau of the Census.

Table 6.--U.S. imports of unmanufactured tobacco for consumption and general, principal categories, and countries of origin, 1979 and January-April 1979-80 1/

(Declared weight)

Classification and country of origin	Imports for consumption				General imports (arrivals)			
	January - April		1980 as a percentage of 1979		January - April		1980 as a percentage of 1979	
	1979 <u>1/</u>	1979	1980		1979 <u>1/</u>	1979	1980	
	Million Pounds		Percent		Million Pounds		Percent	
<u>Cigarette tobacco:</u>								
Leaf:								
Oriental:								
Turkey	89.3	29.3	43.3	148	108.4	55.9	53.8	96
Greece	27.0	10.3	7.2	70	14.3	12.5	12.4	99
Yugoslavia	14.0	4.8	4.1	85	14.4	6.8	4.9	72
Lebanon	4.8	1.1	2.4	218	4.1	.3	.9	300
Other countries	32.0	10.8	8.8	81	21.1	14.4	8.1	56
Flue-cured	10.2	7.0	2.0	28	14.7	4.9	3.5	71
Burley	11.9	4.4	3.5	79	29.9	6.9	13.3	193
Other	2.2	.9	.3	33	1.1	.6	.2	33
Subtotal	191.4	68.5	71.5	104	218.1	102.3	97.1	95
Scrap: <u>2/</u>								
Brazil	30.5	6.0	9.2	154	28.0	4.1	3.2	77
Korea, Republic of	19.8	7.1	5.3	75	12.1	4.9	8.6	176
Italy	16.1	7.2	3.0	42	10.3	2.2	3.4	157
Mexico	7.2	3.3	1.4	42	4.7	2.3	2.7	118
Turkey	10.5	6.0	4.0	67	11.0	8.2	5.7	59
Rhodesia	0	0	6.1	--	0	0	6.8	---
Other countries	38.1	15.6	19.1	122	53.9	16.3	13.1	80
Subtotal	122.2	45.2	48.1	106	112.7	38.0	40.1	105
TOTAL	313.6	113.7	119.6	105	330.8	140.3	137.2	98
<u>Cigar tobacco:</u>								
Wrapper	3.4	.7	.6	86	4.8	.8	.4	50
Filler-stemmed and unstemmed:								
Dominican Republic	1.2	.6	.4	67	8.3	6.0	3.7	62
Other countries	4.3	1.7	1.0	59	17.2	8.3	7.7	93
Subtotal	5.5	2.3	1.4	61	25.5	14.3	11.4	80
Scrap								
Philippine Republic	7.9	2.9	2.9	100	7.1	2.4	2.0	83
Indonesia	5.6	1.3	1.9	146	4.8	.6	1.3	217
Dominican Republic	5.6	2.1	2.0	95	3.1	1.9	.9	47
Brazil	2.7	.7	.6	86	2.4	.4	.9	225
Other countries	13.0	4.4	4.9	111	8.8	3.6	3.9	108
Subtotal	34.8	11.4	12.3	108	26.2	8.9	9.0	101
TOTAL	43.7	14.4	14.3	99	56.5	24.0	20.8	87
<u>Stems</u>	20.0	5.0	4.5	90	20.3	5.2	5.1	98
Grand total	377.2	133.1	138.6	104	407.6	169.5	163.0	96

1/ Preliminary. 2/ Includes minor quantities for smoking tobacco, chewing tobacco, and snuff.

Detail may not add to total due to rounding. Compiled from publications and records of the Bureau of the Census.



classified by Customs as scrap tobacco, be reclassified as stemmed cigarette leaf filler tobacco. The Customs decision reviewed various legislation and administrative actions since 1884 to establish that the machine-threshed tobacco in question was neither scrap nor leaf. Instead, it is a partially manufactured product classifiable as tobacco manufactured or not manufactured that is not specifically provided for elsewhere.

The decision maintained that reclassifying scrap in the stemmed filler category would result in most tobacco entering as whole leaf with very little effective hike in the duty.

U.S. tariff schedule categories and applicable duty rate are as follows:

Item	Description	Duty rate cts. per lb.
170.35	Stemmed cigarette leaf filler tobacco	42.0
170.60	Scrap tobacco	16.1
170.80	Tobacco, manufactured or not manufactured, not specifically provided for	17.5

## TOBACCO LEAF SITUATION AND OUTLOOK<sup>2</sup>

### 1980 Crop Prospects

Cool, rainy weather during much of March and April helped to spread blue mold disease in plant beds and fields over most of U.S. tobacco belts. Plant beds were hit hard in the Georgia-Florida area. Growers utilized chemical control that proved reasonably effective. By mid-May, the flue-cured crop was about 2 weeks behind average. By early June, tobacco setting was virtually complete in North Carolina and Virginia, but still in full swing in Kentucky. Harvest was behind normal in Georgia and Florida.

Auctions for the 1980 flue-cured crop are expected to begin in late July, depending on recommendations of the Flue-Cured Marketing Advisory Committee (scheduled to meet June 27) and when a sufficient marketable volume becomes available. Last year's auctions began July 18.

With a smaller carryover, the larger size crop will maintain or slightly increase total supply. A 9-percent higher support level prevails. Prices are expected to average close to last year when crop size was unusually short (table 7).

USDA's Crop Reporting Board will publish its first estimate of flue-cured yield per acre and production on July 11. Subsequent monthly reports, beginning August 11, will also estimate yield and production for burley and other types. The final crop estimate was within 1-1/2 percent of the July estimate in 7 out of the past 10 years.

### Pesticide Residue Developments

Tobacco industry officials this season have reemphasized that growers should apply sucker control

chemicals at recommended rates if they wish to retain the West German export market. According to German tests of U.S. leaf, the average residue level of maleic hydrazide (MH30) was 223 parts per million (ppm). This is almost three times the level that the German health officials and the cigarette industry consider acceptable (80 ppm). The tolerance level is expected to be written into West German law next year.

As a condition for receiving price support, growers must certify that they did not use DDT, TDE, endrin, or toxaphene pesticides. If growers certify falsely, they are subject to fines or imprisonment.

DDT and TDE residue samplings of the 1979 crop showed four samples with residue of 3 PPM or more. If an analysis shows DDT-TDE residues of 3 PPM or greater, the grower is denied price support. Residues of 10 PPM or greater mean the grower is in violation if the grower certified that chemicals were not applied to the crop.

## FLUE-CURED |

### Leaf Stocks Decrease; Use Falls

April 1 stocks of flue-cured tobacco (types 11-14) totaled 2.2 billion pounds, 100 million below a year earlier. Reflecting the declining patterns of domestic use, manufacturers' stocks accounted for most of the fall in holdings.

Total disappearance during July 1979-March 1980 was 857 million pounds, about 10 percent lower than the corresponding period of 1978/79. Exports accounted for most of the drop; domestic disappearance was 1 percent lower. U.S. cigarette production remained about the same as a year before; use of imported tobacco for cigarettes increased 6 percent.

<sup>2</sup>All quantities in this section are stated in farm-sales weight equivalent unless otherwise noted.



Table 7.--Flue-cured tobacco, types 11-14, and burley tobacco, type 31: Acreage, yield, production, carryover, supply, disappearance, season average price, and price support operations, 1969- 80

(Farm-sales weight)

Marketing year	Acreage harvested	Yield per acre	Marketings	Beginning stocks 1/			Total supply
				Manufacturers and other	Under loan	Total	
				Thousand acres	Pounds	---Million pounds---	
Flue-cured, types 11-14							
1969.....	576.8	1,825	2/ 1,052.8	1,299.6	800.5	2,100.1	3,152.9
1970.....	584.1	2,042	1,178.1	1,227.5	744.9	1,972.4	3,150.5
1971.....	525.8	2,050	1,076.3	1,214.5	761.9	1,976.4	3,052.7
1972.....	513.6	1,971	1,022.1	1,292.4	617.8	1,910.2	2,932.3
1973.....	575.1	2,011	1,159.0	1,347.0	402.3	1,749.3	2,908.3
1974.....	616.3	2,014	1,245.1	1,330.6	276.7	1,607.3	2,852.4
1975.....	717.2	1,973	1,414.7	1,471.9	179.9	1,651.8	3,066.5
1976.....	666.6	1,974	1,316.0	3/ 1,539.1	359.2	3/ 1,898.3	3,214.3
1977.....	589.3	1,917	1,124.2	1,517.6	556.9	4/ 2,075.0	3,199.2
1978.....	589.0	2,090	1,205.9	1,517.9	534.0	4/ 2,051.9	3,257.8
1979 5/.....	499.5	1,892	973.8	1,510.8	564.0	2,074.8	3,048.5
1980 6/.....	565.0	2,000	1,130.0	1,390.1	568.5	1,958.5	3,088.5
Burley, type 31							
1969.....	237.7	2,488	2/ 591.4	975.7	340.8	1,316.5	1,907.9
1970.....	216.4	2,590	2/ 560.5	887.9	454.8	1,342.7	1,903.2
1971.....	213.5	2,213	2/ 472.6	882.4	468.4	1,345.8	1,818.4
1972.....	235.6	2,552	590.3	920.9	327.6	1,248.5	1,838.8
1973.....	222.1	2,028	461.4	952.5	276.7	1,229.2	1,690.6
1974.....	260.7	2,350	610.4	931.5	139.2	1,070.7	1,681.1
1975.....	282.2	2,265	638.3	1,082.4	12.0	1,094.4	1,732.7
1976.....	285.8	2,376	663.8	3/ 1,115.3	44.8	3/ 1,160.1	1,823.7
1977.....	268.6	2,298	612.5	1,162.3	54.9	4/ 1,206.3	1,829.7
1978.....	261.0	2,399	617.6	1,087.0	113.5	4/ 1,218.4	1,836.0
1979 5/.....	237.8	1,875	472.2	1,056.3	155.4	1,211.7	1,683.9
1980 6/.....	273.3	2,300	630.0	1,023.9	30.0	1,053.9	1,683.9
Disappearance				Average	Price	Placed under loan	
Total				price per	support	Quantity	Percentage
Domestic				pound	level		of crop
Exports							
---Million pounds---				---Cents---		Million pounds	Percent
Flue-cured, types 11-14							
1969.....	1,180.5	645.9	534.6	72.4	63.8	97.6	9.3
1970.....	1,174.1	640.1	534.0	72.0	66.6	144.2	12.2
1971.....	1,142.5	662.5	480.0	77.2	69.4	55.7	5.2
1972.....	1,183.0	664.2	518.8	85.3	72.7	24.3	2.4
1973.....	1,301.0	703.0	598.0	88.1	76.6	30.7	2.7
1974.....	1,200.6	652.3	548.3	105.0	83.3	23.0	1.9
1975.....	1,193.1	670.6	522.5	99.8	93.2	259.0	18.4
1976.....	1,148.2	634.0	514.2	110.4	106.0	277.3	21.0
1977.....	1,147.3	608.2	539.1	117.6	113.8	195.6	17.3
1978.....	1,182.8	584.1	598.7	135.0	121.0	64.1	5.3
1979.....	6/ 1,090.0	6/ 580.0	6/ 510.0	140.0	129.3	72.0	7.4
Burley, type 31							
1969.....	565.2	507.1	58.1	69.6	65.8	158.2	26.8
1970.....	557.4	503.0	54.4	72.2	68.6	47.7	8.5
1971.....	569.9	515.2	54.7	80.9	71.5	.2	---
1972.....	609.6	534.5	75.1	79.2	74.9	22.9	3.9
1973.....	619.0	533.1	86.8	92.9	78.9	.7	.1
1974.....	586.7	518.8	67.9	113.7	85.8	2.8	.4
1975.....	602.5	510.1	92.4	105.6	96.1	50.7	7.9
1976.....	617.4	500.6	116.8	114.2	109.3	46.6	7.0
1977.....	609.5	493.0	116.5	120.0	117.3	57.0	9.2
1978.....	624.3	502.8	121.4	131.2	124.7	67.7	10.8
1979.....	6/ 630.0	6/ 500.0	6/ 130.0	145.2	133.3	7.3	1

<sup>1/</sup> July 1 for flue-cured; October 1 for burley. <sup>2/</sup> Production. <sup>3/</sup> Adjusted for change in conversion factor January 1, 1977. <sup>4/</sup> Stocks revision January 1, 1979 report. <sup>5/</sup> Subject to revision; includes allowance for carryover from 1978 crop marketed in the 1979 season. <sup>6/</sup> Estimated carryover; projected crop.

## Exports Fall Below Average Level

With limited demand overseas for the 1979 crop, U.S. flue-cured exports this marketing year are a seventh below last season's record level and slightly below the 1968-77 average. For the 10 months through April, exports totaled 473 million pounds compared with 555 million in the same period a year earlier.

The United Kingdom and Japan, two leading destinations for U.S. flue-cured tobacco, took less in July-April. Also, several other EC and Asian countries imported less. The 1979 U.S. crop was of average quality and a number of countries reduced inventories.

## Disappearance Falls

Disappearance of flue-cured tobacco in the 1979/80 marketing year ending June 30 is about 8 percent below the 1.18 billion pounds used in 1978/79, and about 16 percent below the record set in 1973/74. These prospects still total more than last season's marketings, so carryover will fall.

During July 1979-May 1980, 92 million pounds of loan stocks were sold, substantially above the low level of the previous year. Unsold stocks on May 31 totaled 517 million pounds, compared with 538 million a year earlier. The record was 960 million in January 1965 (table 8).

## 1980 Flue-Cured Acreage Increased

The 1980 effective flue-cured acreage allotment, reflecting last year's net overmarketing, is 639,500 acres, and the effective poundage allotment is 1,187 million pounds, up 11 percent from last year. Even though some growers are participating in the "four-leaf program," harvested acreage will again fall con-

Table 8—Tobacco loan stocks, 1978-80  
(Farm-sales weight)

Type	End of May		
	1978	1979	1980 <sup>2</sup>
	<i>Million pounds</i>		
Flue-cured, 11-14 . . . . .	574.6	595.0	606.9
Burley, 31 . . . . .	118.3	169.6	110.5
Virginia, 21 . . . . .	.9	2.6	2.7
Kentucky-Tennessee, 22-23 . . . . .	1.1	12.2	22.2
Kentucky-Tennessee, 35-36 . . . . .	( <sup>1</sup> )	4.3	5.9
Ohio, 42-44 . . . . .	.5	1.0	.9
Puerto Rican, 46 . . . . .	2.3	3.9	6.3
Connecticut Valley, 51-52 . . . . .	1.0	1.0	1.5
Wisconsin, 54-55 . . . . .	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
Total . . . . .	698.7	789.6	757.5
Uncommitted			
Flue-cured, 11-14 . . . . .	551.5	541.5	<sup>3</sup> 518.7
Burley, 31 . . . . .	111.1	154.4	<sup>3</sup> 37.2

<sup>1</sup> Negligible. <sup>2</sup> April 30. <sup>3</sup> May 30.

Compiled from records of Producer Associations Division, ASCS.

Table 9—Flue-cured and burley tobacco: Marketing quota and marketings, 1971-80

Year	Quota		Marketings			Effective under quota <sup>1</sup>	Net carryover <sup>2</sup>
	Basic	Effective	Actual	Over-quota	Under-quota		
	Million pounds						
	Flue-cured, types 11-14						
1971 . . . . .	1,071.6	1,069.9	1,076.3	60.4	49.9	45.8	-14.5
1972 . . . . .	1,071.2	1,056.7	1,022.1	41.2	72.9	68.1	26.8
1973 . . . . .	1,178.7	1,205.6	1,159.0	54.8	100.5	95.3	40.5
1974 . . . . .	1,296.6	1,337.1	1,245.3	50.0	138.9	132.4	82.5
1975 . . . . .	1,491.4	1,572.3	1,414.6	50.9	203.2	192.3	141.0
1976 . . . . .	1,268.1	1,409.1	1,316.0	49.4	139.9	130.2	80.8
1977 . . . . .	1,116.5	1,197.3	1,124.2	42.6	115.2	106.9	64.3
1978 . . . . .	1,117.2	1,181.5	1,205.9	65.6	43.9	41.8	-26.4
1979 . . . . .	1,094.9	1,068.5	973.8	24.8	118.8	117.0	92.2
1980 <sup>3</sup> . . . . .	1,095.0	1,187.3					
	Burley, type 31						
1971 . . . . .	555.1	553.0	471.5	9.7	91.1	89.7	80.1
1972 . . . . .	531.5	611.5	588.6	30.7	45.7	44.6	13.9
1973 . . . . .	559.7	573.6	460.7	11.3	113.1	111.7	100.3
1974 . . . . .	606.5	706.8	610.4	23.0	118.9	104.0	81.0
1975 . . . . .	669.5	750.4	639.9	21.8	127.5	113.4	91.6
1976 . . . . .	634.8	726.4	663.6	33.1	96.2	82.3	49.2
1977 . . . . .	636.2	683.4	612.6	27.2	99.0	80.8	53.6
1978 . . . . .	614.2	667.8	614.2	31.5	88.2	67.6	36.1
1979 <sup>3</sup> . . . . .	613.6	649.7	472.2	12.2	188.6	168.8	155.2
1980 <sup>3</sup> . . . . .	615.0	769.2					

<sup>1</sup> Under quota marketing less ineligible carryover. <sup>2</sup> Effective under quota marketings less over quota marketings. <sup>3</sup> Subject to revision. <sup>4</sup> Preliminary.

Compiled from records and reports of Price Support and Loan Division, ASCS.

siderably short of allotted acreage. This season, growers can increase acreage 10 percent above allotment if they agree to leave the four lower leaves unharvested.

Growers' April 1 intentions were to set 13 percent more flue-cured acreage than in 1979. In 1979, growers leased 44 percent of the poundage quota from other allotment owners within their county. The proportion is expected to increase again this year. Since 1972, flue-cured marketing quotas can be leased and transferred throughout the season, subject to limitations enacted in 1977.

Assuming a normal growing season and considering the intended acreage, the crop may total about 1.13 billion pounds. Production at this level, plus the carryover, would bring the total 1980/81 supply about 50 million pounds above the 3.05 billion pounds in 1979/80.

### 1980 Price Support Details

Flue-cured is under acreage-poundage marketing quotas, and price support is not provided if growers exceed their farm allotments. For 1980, a 10-percent acreage tolerance is provided to accommodate the practice of leaving the four lower leaves unharvested. By the April 15 deadline, farms accounting for 15 percent of the flue-cured quota had signed up to participate in the four-leaf program—virtually the same as last year's sign-up.

USDA announced in May the 1980 loan rates for the various grades of flue-cured tobacco. Rates range from 88 cents to \$1.83 a pound, reflecting the support level of \$1.415. USDA discontinued support on eight grades in excess supply and light demand.

These grades are P5L, P5F, P5G, N1L, N1XL, N1GL, N1XO, and N1PO. Their share of the crop ranged from 4 to 11 percent during 1974-79. As in the past, no price support will be offered on tobacco graded N2, No-G, U, W, or scrap.

### USDA To Consider Limited Foreign Sales by Flue-cured Stabilization

USDA announced April 25 that it will propose an experimental 2-year program allowing direct sales of flue-cured tobacco under loan to foreign buyers. The Flue-cured Tobacco Cooperative Stabilization Corporation contracts with USDA's Commodity Credit Corporation to handle flue-cured tobacco under loan and sell it on the domestic market. Currently sales to foreign buyers must be made through U.S. dealers or U.S. subsidiaries of foreign firms.

The proposal allows Stabilization to make direct sales to foreign buyers only after U.S. firms have had 2 years to purchase the stocks. Sales would be handled in the same manner as current sales made to domestic companies.

There are 410 million pounds of flue-cured tobacco held under loan for 2 years or more (1975-77 crops). This tobacco has faced a weak demand due to large supplies and below average quality.

### Growers Again Designate Preferences

By the April 15 deadline, growers of flue-cured tobacco had designated 98 percent of their marketable quota to the auction warehouses where they wish to market their 1980 crop. Since this procedure began in 1974, sales schedules and inspection services are provided at individual warehouses on the basis of quantity of tobacco designated (table 10).

Table 10—Flue-cured tobacco: Effective farm quotas, designations, and marketings, 1978-80<sup>1</sup>

Type and State or marketing area	Effective farm quotas		Initial designation <sup>2</sup>		Final designation		Marketings	
	1980	Change from 1979	1979	1980	1978	1979	1978	1979
	Mil. lb.	Percent			Mil. lb.			
11-Virginia (E) . . . . .	103	5.3	117	125	129	120	102	92
11-North Carolina (D,E) . . . .	294	10.5	188	215	222	192	295	234
Total . . . . .	397	9.0	305	340	350	312	397	326
12-North Carolina (C) . . . . .	394	14.1	440	506	520	442	407	315
13-North Carolina (B) . . . . .	105	12.6	107	123	119	109	108	84
13-South Carolina (B) . . . . .	145	11.7	130	149	146	131	147	121
Total . . . . .	250	12.1	238	272	265	241	662	205
14-Alabama . . . . .	1	.3	—	—	—	—	1	1
14-Florida (A) . . . . .	23	-1.6	23	22	23	23	22	23
14-Georgia (A) . . . . .	122	9.2	121	136	137	123	122	105
Total . . . . .	146	7.3	144	158	160	146	146	129
Total, flue-cured <sup>3</sup> . . . . .	1,187	11.1	1,127	1,276	1,295	1,140	1,205	974

<sup>1</sup> Data may not add to totals due to rounding. <sup>2</sup> Growers were allowed to designate 110 percent of their effective quotas. <sup>3</sup> Computed from unrounded data.

Compiled from reports from Tobacco Division, Agricultural Marketing Service and Price Support and Loan Division, Agricultural Stabilization and Conservation Service.



After growers make warehouse designations at their local Agricultural Stabilization and Conservation Service office, grower lists are prepared for each warehouse and the information sent to the Flue-cured Tobacco Marketing Advisory Committee. In addition to opening dates and sales schedules, the committee recommends to USDA the geographic grouping of auction markets.

Some low-volume markets desire an auction sales schedule that would provide a minimum of one sale per week, but the marketing committee reviewed this issue and recommended in May that USDA follow the same procedure as in other years, i.e., sales time based on grower designation.

## BURLEY

### Burley Use Firm

Domestic burley use was steady and burley exports rose in the first half of the marketing year (October 1979-March 1980). At 345 million pounds, the 6-month disappearance was 9 percent above a year earlier. Domestic use remained at 271 million pounds, although cigarette output increased 1.4 percent.

Large burley exports in March raised export prospects for the crop year above last year's high level. For the first 7 months of the marketing year, burley exports totaled 95 million pounds, 28 million above a year earlier. Japan, South Korea, and the Philippines took more, and Italy and Thailand took less. On an unstemmed-leaf basis, burley exports averaged \$1.52 per pound this past October-April, up 7 cents from a year earlier.

## Disappearance Above Crop

Carryover at the beginning of the 1979 season was down slightly to 1,212 million pounds. By April 1, 1980, with the 1979 crop in storage, stocks totaled 1.3 billion pounds, 200 million below a year earlier. On May 30, unsold loan holdings were 40 million pounds, 123 million below a year earlier and the lowest level in 3 years. Steady domestic use may offset rising exports and maintain disappearance well above last season's crop. The likely result is a carryover on October 1 about 15 percent below last year and the lowest level since 1951 (tables 7 and 11).

For 1980, the effective burley poundage quota is 120 million above a year earlier. According to April 1 intentions, farmers planned to set about 15 percent more burley acreage than last year. Assuming yields near the 1974-78 average, production will total 630 million pounds, up 185 million pounds from last season's short crop. Indicated carryover, plus the projected crop, would result in 1980/81 supply about the same as this year's 1.66 billion pounds.

## SOUTHERN MARYLAND

### Crop Reduced; Prices Rise

The 1979 crop of Maryland tobacco (type 32) sold for a record average of \$1.40 per pound, 18 cents above a year earlier. All grade prices rose. Less choice grade offerings were available. Auction sales began April 9 and ended May 22. Due to lower yields, sales volume of the 1979 crop in Southern

Table 11—Burley tobacco: Farm marketings by State and across-state line movement, 1979 crop<sup>1</sup>

State	Total farm mar- ketings	Sold in—								Total sold out of state
		Ind.	Ky.	Mo.	N.C.	Ohio	Tenn.	Va.	W. Va.	
	Million pounds									
Indiana . . . . .	12.5	7.5	5.0			( <sup>2</sup> )				5.0
Kentucky . . . . .	337.6	2.7	331.9			0.3	2.7			5.7
Missouri . . . . .	6.1		.1	6.0						.1
North Carolina . . .	8.5				6.5		2.0	( <sup>2</sup> )		2.0
Ohio . . . . .	12.2	( <sup>2</sup> )	3.8			7.9			0.4	4.3
Tennessee . . . . .	80.5		1.2		0.2		75.8	3.2		4.7
Virginia . . . . .	13.3		( <sup>2</sup> )		.4		.3	12.6		.7
West Virginia . . . .	1.5		.2		( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	1.3	.2
Total <sup>4</sup> . . . . .	472.3	10.2	342.2	6.0	7.1	8.2	80.8	15.8	1.7	22.8

<sup>1</sup> Preliminary. <sup>2</sup> Less than 50,000 pounds. <sup>3</sup> Includes 110,639 pounds produced in Alabama, Arkansas, Georgia, Illinois, Kansas, and South Carolina.

Compiled from records of Price Support and Loan Division, ASCS.

Details may not add to total due to rounding.



Maryland was one-third below the 1978 crop outturn. Also in 1979, 110,000 pounds of Maryland tobacco was grown in quota areas.

Maryland growers have not approved marketing quotas since the 1965 crop, and thus Maryland tobacco is not eligible for Government price support. Maryland tobacco goes almost entirely into cigarettes.

Disappearance during the first half of the marketing year (October 1979-March 1980) was 13-1/2 million pounds, about 0.5 million above a year earlier. Domestic disappearance was up and exports were down sharply. In the first 6 months of the current marketing year, exports were 4 million pounds, 3 million below a year earlier.

### Carryover May Drop

For the 1979/80 season ending in September, disappearance of Maryland tobacco is expected to remain near last season's 31 million pounds (table 12). With reduced supplies, carryover next January 1 may drop below this year.

Based on farmers' April planting intentions and average yield, the 1980 crop may gain some from the 1979 outturn. Over the past decade, harvested acreage has fallen 4 percent short of spring plans. April plans are made before the previous season's crop has been marketed (mid-April to late May). But if the prospective crop is achieved, the supply for 1980/81 would be slightly above the 63 million pounds for this season.

## FIRE-CURED

### Disappearance Drops, Supplies Larger, Prices Up

Disappearance of fire-cured tobacco (types 21-23) during the first half of the marketing year that began October 1, 1979 was 24 million pounds, down 8 million pounds from last season. Reduced exports accounted for most of the decrease. The drop from last year's high level traces the typical 2-3 year cycle of exports.

Despite the reduced crop size last season, the large carryover swelled supplies. The one-fourth smaller crop averaged \$1.14 per pound, 4 cents more than the previous crop. Farm purchases (one-fourth of the crop) averaged \$1.45 per pound while auction sales and loan receipts brought only \$1.03. Quality improved last season for type 21, but types 22-23 quality was poorer (table 13). Growers placed 27 percent of the 1979 crop under loan, a larger share than in 1978. Much of the tobacco that went under loan was lugs and nondescript grades for which demand is limited.

Due to last season's low prices, growers may cut acreage 3 percent. According to April 1 planting intentions, decreases are expected in Kentucky and Virginia. Based on indicated acreage with an average yield, growers would produce a 42-million-pound crop, about 5 percent less than in 1979. But with prospects for a larger carryover the supply for 1980/81 may gain further.

Table 12—Southern Maryland tobacco, type 32: Acreage, yield, production, carryover, supply, disappearance, season average price, 1971-80

Marketing year <sup>1</sup>	Acreage harvested	Yield per acre	Supply			Total	Disappearance		Average price per pound to growers
			Production	Stocks, following Jan. 1	Total		Domestic	Exports	
	Thousand acres	Pounds	Million pounds						Cents
1971 . . . . .	27.0	1,040	28.1	46.0	74.1	25.5	17.5	8.0	81.9
1972 . . . . .	24.0	990	23.8	46.6	70.4	25.5	13.4	12.1	84.5
1973 <sup>2</sup> . . . . .	27.8	1,260	35.0	43.8	78.8	26.1	13.8	12.3	87.8
1974 <sup>2</sup> . . . . .	26.0	1,260	32.8	51.7	84.5	33.5	25.0	8.5	92.2
1975 <sup>2</sup> . . . . .	23.5	950	21.1	53.6	74.7	34.8	25.1	9.7	107.5
1976 <sup>2</sup> . . . . .	23.0	1,300	29.9	41.9	71.8	29.7	17.2	12.5	110.0
1977 <sup>2</sup> . . . . .	23.0	1,310	30.1	45.3	75.4	28.3	18.9	9.4	115.1
1978 <sup>2,3</sup> . . . . .	22.0	1,390	30.6	41.9	72.5	31.1	21.1	10.1	123.1
1979 <sup>3</sup> . . . . .	22.0	1,200	<sup>4</sup> 21.8	41.3	63.1	<sup>5</sup> 30.0	<sup>5</sup> 22.0	<sup>5</sup> 8.0	<sup>4</sup> 139.7
1980 <sup>5</sup> . . . . .	22.0	1,300	28.6	36.0	64.6				

<sup>1</sup> Year beginning October 1. <sup>2</sup> Includes sales and certification. <sup>3</sup> Subject to revision. <sup>4</sup> Sales. <sup>5</sup> Estimated, projected crop.

Table 13—Fire-cured tobacco, Kentucky-Tennessee types 22-23, and Virginia fire-cured type 21: Acreage, yield, production, carryover, supply, disappearance, season average price, and price support operations, 1971-80

(Farm-sales weight)

Marketing year beginning October 1	Acreage harvested	Yield per acre	Production	Beginning stocks		Total	Total supply
				Manufacturers and other	Under loan		
1971 1972 1973 1974 1975 1976 1977 1978 1979 <sup>2</sup> 1980 <sup>3</sup>	Thousand acres	Pounds	Million pounds				
	Kentucky-Tennessee fire-cured, types 22-23						
	19.5	1,928	37.6	48.6	4.7	53.3	90.9
	20.4	1,844	37.6	55.0	1.2	56.2	93.8
	16.6	1,668	27.7	54.2	3.1	57.3	85.0
	16.2	1,602	26.0	44.0	1.1	45.1	71.1
	18.4	1,772	32.6	40.5	(1)	40.7	73.3
	21.2	1,567	33.2	42.6	(1)	42.6	75.8
	25.6	1,767	45.2	41.2	(1)	41.2	86.4
	27.1	1,898	51.4	50.0	1.0	51.0	102.4
	22.1	1,791	39.6	54.0	11.1	65.1	104.7
	21.4	1,750	37.4	54.0	18.7	72.7	110.1
	Virginia fire-cured, type 21						
	5.0	1,180	5.9	8.0	1.0	9.0	14.9
	4.8	970	4.7	7.9	(1)	8.3	13.0
4.7	1,205	5.7	7.6	(3)	7.6	13.3	
5.0	1,185	5.9	7.1	---	7.1	13.0	
5.0	975	4.9	7.1	(3)	7.3	12.2	
5.3	1,000	5.3	7.4	(3)	7.4	12.7	
7.2	1,000	7.2	7.0	(3)	6.7	13.9	
6.1	1,120	6.8	7.9	.8	8.7	15.5	
4.8	1,135	5.4	8.2	2.7	10.9	16.3	
4.7	1,050	4.9	6.0	3.3	9.3	14.2	
Disappearance				Average price per pound	Price support level	Placed under loan	
Total	Domestic	Exports	Quantity			Percentage of crop	
Million pounds			Cents		Million pounds	Percent	
Kentucky-Tennessee fire-cured, types 22-23							
34.7	16.0	18.7	60.8	48.5	(1)	.1	
36.5	14.2	22.3	57.3	50.8	2.8	7.4	
39.9	15.7	24.2	71.7	53.5	.2	.7	
30.3	14.5	15.8	93.4	58.2	.7	2.7	
30.7	12.2	18.5	104.7	65.2	(1)	.4	
34.6	11.2	23.4	142.4	74.1	(1)	---	
35.4	17.4	18.0	125.6	79.5	1.1	2.4	
37.3	15.1	22.2	113.6	84.6	11.3	22.2	
32.0	14.0	18.0	115.2	90.3	11.4	28.8	
				98.9			
Virginia fire-cured, type 21							
6.6	3.1	3.5	54.8	48.5	(1)	1.0	
5.4	1.3	4.1	64.2	50.8	(1)	.1	
6.2	1.7	4.5	75.5	53.5	(1)	---	
5.7	.7	5.0	81.7	58.2	(1)	4.5	
4.8	1.4	3.4	93.0	65.2	(1)	.9	
6.1	2.0	4.1	118.0	74.1	.1	1.5	
5.2	2.8	2.4	96.2	79.5	1.0	14.4	
4.6	1.0	3.6	94.5	84.6	1.8	26.2	
7.0	4.0	3.0	107.9	90.3	.9	16.3	
				98.9			

<sup>1</sup> Less than 50,000 pounds. <sup>2</sup> Subject to revision. <sup>3</sup> Estimated, projected crop. <sup>4</sup> Estimated. <sup>5</sup> Includes 400,000 pounds fire loss, December 1976. --- Less than .05 percent.

Exports of fire-cured tobacco in 1979/80 may decrease from last season. Exports of 9 million pounds of types 22-23 during October 1979-March 1980 were about 6 million below a year earlier. The Netherlands, the leading outlet, cut takings by half.

## **DARK AIR-CURED**

### **Supplies Decrease, Prices Up**

Disappearance of dark air-cured and sun-cured tobacco (types 35-37) during the first half of the current marketing year was 8 million pounds, down 4 million from a year earlier. Domestic use was down. The manufacture of plug chewing tobacco—a major domestic outlet for this dark air-cured tobacco—was slightly below a year earlier. Exports were up slightly. Black Fat tobacco exports—a semi-processed product consisting of dark air-cured and fire-cured leaf—totalled 1.4 million pounds in October 1979-April 1980, a decrease of 4 percent from the year-earlier level. Almost all Black Fat goes to West African destinations.

Farm prices were up 12 percent for the one-fourth smaller crop. Growers placed 13 percent of production under loan, about the same share as for 1978. Weak demand prevails for these lower quality offerings. For the year ending September 30, 1980, disappearance may fall below the 1979 crop. Carryover will rise moderately (table 14).

Growers of dark air-cured and sun-cured tobacco plan to harvest about the same acreage this year as last year's 10,240 acres. With a return to average yields, a crop of nearly 18 million pounds could result, 7 percent larger than last season. The 1980/81 supply could rise 7 percent above the 53 million pounds in 1979/80.

## **CIGAR TOBACCO**

### **Production May Recover**

Supplies of domestic-grown cigar tobacco are off a little this year due to lower 1979 production; carryover stocks were stable. Production in 1980/81 will likely rise from last year since acreage is up 10 percent.

Filler production (U.S. and Puerto Rico) with average yield and a 3-percent increase in acreage, could recover to near the 31-million-pound average of the crops from 1975 to 1978.

Binder output may maintain last year's 20-year high level. Allotments apply this season for Connecticut Valley binder (types 51-52). Annually in the 1970's, allotments were suspended.

USDA transferred filler and binder allotments (types 42-44 and 53-55) to growers who wanted to

increase their 1980 plantings. Under terms of this annual reallocation, USDA transferred the allotments from growers who did not wish to use their allotments this year. Reallocated were 2,343 acres in Wisconsin and 1,062 acres in Ohio.

Binder acreage intentions are up 9 percent in Northern Wisconsin and 3 percent in Southern Wisconsin. The rise, coupled with average yields, may increase production to 26 million pounds, or slightly over 1979/80 disappearance. Wisconsin binder has been used in chewing tobacco and that market has been expanding since 1970.

Wrapper production may increase. Intended plantings are up 9 percent for Connecticut Valley wrapper. Again, no production is indicated for Georgia-Florida in 1980.

April 1 holdings of U.S. and Puerto Rican cigar tobacco (types 41-62) totaled 141 million pounds, 9 percent below a year earlier. Most types increased. On April 1, U.S. stocks of foreign-grown cigar tobacco totaled 91 million pounds, about 9 percent below a year earlier. During October 1979-April 1980, manufacturers used about 5 percent less imported cigar tobacco than a year earlier.

The House of Representatives' Ways and Means Committee is considering H.R. 7139, a bill to provide a 1-year suspension of the duty on wrapper tobacco—up to 2 million pounds. U.S. cigar industry officials had earlier been unsuccessful in obtaining duty-free access under Generalized System of Preferences (GSP). Blue mold has damaged some of the Central American crops and prices have been pushed up.

### **Filler Use Rises**

Disappearance of cigar filler during October 1979-March 1980 was 19 million pounds, 3-1/2 million pounds above last year. Increased interest in Pennsylvania and Ohio filler for chewing tobacco has boosted their use. Puerto Rican filler has a very limited market from cigar makers.

For 1979/80, filler tobacco disappearance may stabilize near recent levels. With the unusually low crop in 1979, carryover on October 1 may drop to around 62 million pounds, equalling the low stocks that prevailed from 1974 to 1977 (table 15).

### **Binder Use Rises**

Cigar binder disappearance for October 1979-March 1980 was 14 million pounds, 2 million above a year earlier. Wisconsin binder (types 54-55) disappearance rose due to the demand for Wisconsin tobacco for chewing tobacco. Disappearance of Connecticut Valley binder tobacco for 1979/80 is estimated below last season's output.

Gains in production of looseleaf chewing tobacco may bring total binder use to the highest level in 6



Table 14—Dark air-cured tobacco, types 35-36, and Sun-cured tobacco type 37: Acreage, yield production, carryover, supply, disappearance, season average price, and price support operations, 1971-80

(Farm-sales weight)							
Marketing year beginning Oct. 1	Acreage harvested	Yield per acre	Production	Beginning stocks			Total supply
				Manufacturers and others	Under loan	Total	
	Thousand acres	Pounds		Million pounds			
				Dark air-cured, types 35-36			
1971 . . . . .	8.6	1,834	15.7	35.5	14.3	49.8	65.5
1972 . . . . .	8.2	1,875	15.5	33.5	12.7	46.2	61.7
1973 . . . . .	7.6	1,647	12.4	31.9	12.8	44.7	57.1
1974 . . . . .	7.0	1,653	11.6	31.4	5.5	36.9	48.5
1975 . . . . .	8.0	1,750	14.0	32.7	(1)	32.9	46.9
1976 . . . . .	9.3	1,660	15.1	28.2	---	28.2	43.3
1977 . . . . .	11.2	1,809	20.4	26.1	---	26.1	46.5
1978 . . . . .	11.2	1,969	22.2	30.4	(1)	30.4	52.6
1979 <sup>2</sup> . . . . .	9.7	1,665	16.6	30.0	4.1	34.1	50.2
1980 <sup>2</sup> . . . . .	9.6	1,770	17.0	31.5	5.5	37.0	54.0
				Sun-cured, type 37			
1971 . . . . .	.9	1,200	1.1	3.1	0	3.1	4.2
1972 . . . . .	.8	1,010	.8	3.0	0	3.0	3.8
1973 . . . . .	.7	1,320	.9	3.2	0	3.2	4.1
1974 . . . . .	.7	1,315	.9	3.0	0	3.0	3.9
1975 . . . . .	.7	930	.7	2.3	0	2.3	3.0
1976 . . . . .	.7	1,115	.8	2.1	0	2.1	2.9
1977 . . . . .	.8	1,030	.8	1.8	0	1.8	2.6
1978 . . . . .	.7	1,205	.9	1.8	0	1.8	2.7
1979 <sup>2</sup> . . . . .	.5	1,055	.6	2.2	0	2.2	2.8
1980 <sup>2</sup> . . . . .	.6	1,100	.7	2.0	0	2.0	2.7
	Disappearance			Average price per pound	Price support level	Placed under loan	
	Total	Domestic	Exports			Quantity	Percentage of crop
	Million pounds			Cents		Million pounds	Percent
	Dark air-cured, types 35-36						
1971 . . . . .	19.3	17.4	1.9	47.1	43.1	1.7	10.7
1972 . . . . .	17.0	14.7	2.5	50.3	45.2	1.2	.8
1973 . . . . .	20.2	17.4	2.8	61.9	47.6	(2)	.2
1974 . . . . .	15.6	12.8	2.8	76.9	51.8	.4	3.7
1975 . . . . .	18.7	16.1	2.6	89.8	58.0	(1)	.5
1976 . . . . .	17.2	15.1	2.1	116.6	65.9	(1)	---
1977 . . . . .	16.1	13.6	2.4	117.7	70.7	(1)	---
1978 . . . . .	18.4	15.7	2.7	100.8	75.2	4.3	19.7
1979 . . . . .	<sup>3</sup> 13.2	11.0	2.2	107.8	80.4	2.2	13.3
1980 . . . . .					88.0		
	Sun-cured, type 37						
1971 . . . . .	1.2	1.0	.2	54.1	43.1	0	---
1972 . . . . .	.6	.4	.2	57.9	45.2	0	---
1973 . . . . .	1.1	.9	.2	69.2	47.6	0	---
1974 . . . . .	1.6	1.3	.3	82.1	51.8	<sup>4</sup> 13	1.4
1975 . . . . .	.9	.7	.2	85.5	58.9	0	---
1976 . . . . .	1.1	.9	.2	105.0	65.9	0	---
1977 . . . . .	.8	.6	.1	100.0	70.7	<sup>4</sup> 13	1.6
1978 . . . . .	.5	.3	.2	88.8	75.2	<sup>4</sup> 109	12.4
1979 . . . . .	.8	.6	.2	90.8	80.4	<sup>4</sup> 30	5.2
1980 . . . . .					88.0		

<sup>1</sup> Less than 50,000 pounds. <sup>2</sup> Estimated, projected crop. <sup>3</sup> Estimated. <sup>4</sup> Quantity placed under loan in thousands of pounds. --- Less than .05 percent.

years. But last season's large crop means carryover stocks will probably rise 3 to 4 million pounds.

### Wrapper Disappearance

A decline in domestic cigar production and rising costs of leaf production curtailed both the use and supply of shade-grown wrapper (types 61-62) in recent years. The wrapper crop rose in value from \$7.50 to \$8.50 per pound in 1979.

With a gain in exports, disappearance of cigar wrapper during July 1979-March 1980 was 7 million pounds, 2 million above a year earlier. Carryover is falling to less than 1-year's use. Due to lower costs, most of the U.S. crop is exported to the Dominican Republic for processing. During the first 10 months of the marketing year, cigar wrapper exports were 4.3 million pounds, up 9 percent from a year earlier.



Table 15—Cigar tobacco, types 41-62: Domestic supplies, disappearance, and season average prices, 1971-80

(Farm-sales weight)

Crop year	Acreage harvested	Yield per acre	Supply			Disappearance			Average price per pound to growers
			Production	Beginning stocks <sup>1</sup>	Total supply	Total	Domestic	Exports	
	Thousand acres	Pounds	Million pounds			Cents			
	Pennsylvania Seedleaf Filler (type 41)								
1971 . . . .	15.2	1,610	24.5	87.0	111.5	41.3	40.6	.4	36.0
1972 . . . .	13.0	1,400	18.2	70.2	88.4	34.7	34.4	.3	46.0
1973 . . . .	13.0	1,700	22.1	53.7	75.8	28.3	27.5	.8	52.0
1974 . . . .	13.0	2,000	26.0	47.5	73.5	24.3	24.0	.3	58.0
1975 . . . .	12.0	1,650	19.8	49.2	69.0	22.2	21.8	.4	58.0
1976 . . . .	13.5	1,750	23.6	46.8	70.4	20.7	20.3	.4	60.0
1977 . . . .	13.5	1,940	26.2	49.7	75.9	21.8	21.6	.2	60.0
1978 . . . .	13.0	1,940	25.2	54.1	79.3	23.6	23.5	.1	62.0
1979 <sup>2</sup> . . . .	11.2	1,580	17.7	55.7	73.4	23.0	22.9	.1	72.0
1980 <sup>3</sup> . . . .	13.5	1,850	25.0	50.4	75.4				
	Ohio, Miami, Valley Filler (types 42-44)								
1971 . . . .	2.0	1,850	3.8	7.8	11.6	4.6	4.6	---	41.0
1972 . . . .	2.4	1,780	4.2	7.0	11.2	4.4	4.4	---	44.0
1973 . . . .	2.2	1,420	3.1	6.8	9.9	4.0	4.0	---	51.0
1974 . . . .	2.0	1,530	3.1	5.9	9.0	3.1	3.1	---	59.0
1975 . . . .	1.8	1,660	3.0	5.9	9.1	3.4	3.4	---	60.0
1976 . . . .	1.8	1,550	2.8	5.7	8.5	2.5	2.5	---	59.0
1977 . . . .	1.8	2,025	3.6	6.0	9.6	2.6	2.6	---	62.0
1978 . . . .	1.6	1,850	3.0	7.0	10.0	3.7	3.7	---	64.0
1979 <sup>2</sup> . . . .	1.3	1,500	2.0	6.3	8.3	4.0	4.0	---	87.0
1980 <sup>3</sup> . . . .	1.3	1,700	2.2	4.3	6.5				
	Puerto Rico Filler (type 46) <sup>4</sup>								
1971 . . . .	4.8	1,418	6.7	15.0	21.7	9.0	9.0	---	39.8
1972 . . . .	5.6	883	4.8	12.7	17.5	8.3	8.3	---	42.1
1973 . . . .	4.5	1,435	6.5	9.2	15.7	5.7	5.7	---	42.1
1974 . . . .	2.7	1,477	3.9	10.0	14.0	7.9	7.9	---	45.5
1975 . . . .	2.7	1,500	4.3	6.1	10.4	3.2	3.2	---	50.7
1976 . . . .	2.8	1,429	4.1	7.2	11.3	4.9	4.9	---	57.6
1977 . . . .	2.6	1,480	3.9	6.4	10.3	3.9	3.9	---	60.2
1978 . . . .	2.2	1,400	3.1	6.4	9.5	2.6	2.6	---	57.0
1979 <sup>2</sup> . . . .	2.0	1,300	2.6	6.9	9.5	2.0	2.0	---	56.0
1980 <sup>3</sup> . . . .	1.8	1,400	2.5	7.5	10.0				
	Total Cigar Filler (types 41-46)								
1971 . . . .	22.0	1,587	35.0	109.8	144.8	54.9	54.5	.4	37.3
1972 . . . .	21.0	1,293	27.2	89.9	117.1	47.4	47.1	.3	45.0
1973 . . . .	19.7	1,450	31.7	69.7	101.4	38.0	37.2	.8	49.7
1974 . . . .	18.0	1,850	33.1	63.4	96.5	35.3	35.0	.3	56.6
1975 . . . .	17.3	1,630	27.3	61.2	88.5	28.8	28.4	.4	56.2
1976 . . . .	18.2	1,676	30.5	59.7	90.2	28.1	27.7	.4	59.4
1977 . . . .	17.9	1,883	33.7	62.1	95.8	28.3	27.0	.3	60.2
1978 . . . .	16.8	1,863	31.3	67.5	98.8	29.9	29.8	.1	61.5
1979 <sup>2</sup> . . . .	14.5	1,531	22.2	68.9	91.2	29.0	28.9	.1	71.9
1980 <sup>3</sup> . . . .	16.6	1,790	29.7	62.2	91.9				
	Connecticut Valley Binder (types 51-52)								
1971 . . . .	1.6	1,743	2.8	7.2	10.0	2.6	2.5	.1	65.1
1972 . . . .	1.6	1,600	2.5	7.4	9.9	2.4	2.3	.1	70.1
1973 . . . .	1.6	1,721	2.7	7.5	10.2	3.2	3.1	.1	72.8
1974 . . . .	1.5	1,737	2.5	7.0	9.5	3.3	3.1	.2	82.0
1975 . . . .	1.5	1,568	2.4	6.2	8.6	4.3	4.1	.2	92.7
1976 . . . .	1.5	1,605	2.4	4.3	6.7	2.4	2.3	.1	89.6
1977 . . . .	1.4	1,784	2.5	4.3	6.8	1.9	1.9	*	121.3
1978 . . . .	1.5	1,734	2.6	4.9	7.5	2.1	2.0	.1	144.9
1979 <sup>2</sup> . . . .	1.7	1,663	2.8	5.5	8.3	2.3	2.2	.1	155.5
1980 <sup>3</sup> . . . .	1.4	1,700	2.4	6.0	8.4				
	Southern Wisconsin Binder (type 54)								
1971 . . . .	5.3	2,270	12.0	18.8	30.8	10.5	10.5	---	55.6
1972 . . . .	5.0	1,685	8.4	20.3	28.7	9.3	8.3	---	48.0
1973 . . . .	4.9	1,950	9.6	19.4	29.0	10.1	10.1	---	60.5
1974 . . . .	4.7	2,060	9.7	18.9	28.6	8.8	8.8	---	74.9
1975 . . . .	5.6	1,945	10.9	19.8	30.7	7.5	7.5	---	75.1
1976 . . . .	5.6	1,890	10.6	23.2	33.8	10.0	10.0	---	74.7
1977 . . . .	6.2	2,020	12.5	23.8	36.3	10.2	10.2	---	84.6
1978 . . . .	6.2	1,800	11.2	26.0	37.2	11.4	11.4	---	100.5
1979 <sup>2</sup> . . . .	6.3	2,080	13.1	25.8	38.9	11.0	11.0	---	117.0
1980 <sup>3</sup> . . . .	6.5	1,950	12.7	27.9	40.6				
	Northern Wisconsin Binder (type 55)								
1971 . . . .	5.3	1,980	10.5	18.4	28.9	9.9	9.9	*	54.0
1972 . . . .	5.8	1,770	10.3	19.0	29.3	9.8	9.8	*	49.0
1973 . . . .	5.3	1,775	9.4	19.5	28.9	12.0	12.0	*	60.7
1974 . . . .	4.7	1,870	8.8	16.9	25.7	9.9	9.9	*	75.4
1975 . . . .	5.4	1,835	9.9	15.8	25.7	9.7	9.6	.1	75.1
1976 . . . .	5.5	1,750	9.6	16.0	25.6	9.4	9.4	*	75.2
1977 . . . .	5.8	2,045	11.9	16.2	28.1	9.1	9.1	.1	85.5
1978 . . . .	5.9	1,550	9.1	19.1	28.2	8.9	8.9	*	100.5
1979 <sup>2</sup> . . . .	6.6	1,900	12.5	19.3	31.8	10.0	10.0	*	117.0
1980 <sup>3</sup> . . . .	7.2	1,850	13.3	21.8	35.1				

See footnotes at end of table.

Continued . . . .

Table 15—Cigar tobacco, types 41-62: Domestic supplies, disappearance, and season average prices, for 1971-80—Cont.

(Farm-sales weight)

Crop year	Acreage harvested	Yield per acre	Production	Supply Beginning stocks <sup>1</sup>	Total supply	Disappearance			Average price per pound to growers
						Total	Domestic	Exports	
	Thousand acres	Pounds			Million pounds				Cents
Total Wisconsin Binder (types 54-55)									
1971 . . . . .	10.6	2,125	22.5	37.2	59.7	20.4	20.4	*	54.9
1972 . . . . .	10.8	1,731	18.7	39.3	58.0	19.1	19.1	*	48.5
1973 . . . . .	10.2	1,859	19.0	38.9	57.9	22.2	22.2	*	60.6
1974 . . . . .	9.4	1,965	18.5	35.8	54.3	18.7	18.7	*	75.1
1975 . . . . .	11.0	1,891	20.8	35.6	56.4	17.2	17.1	.1	75.1
1976 . . . . .	11.1	1,821	20.2	39.2	59.4	19.4	19.4	*	75.2
1977 . . . . .	12.0	2,032	24.4	40.0	64.4	19.3	19.3	.1	85.0
1978 . . . . .	12.1	1,678	20.3	45.1	65.4	20.2	20.2	*	100.5
1979 <sup>2</sup> . . . . .	12.9	1,988	25.6	45.1	70.7	21.0	21.0	*	117.0
1980 <sup>3</sup> . . . . .	13.7	1,900	26.0	49.7	75.7				
Total Cigar Binder (types 51-55)									
1971 . . . . .	12.2	2,075	25.3	44.4	69.7	23.0	22.9	.1	56.1
1972 . . . . .	12.4	1,714	21.2	46.7	67.9	21.5	21.4	.1	51.1
1973 . . . . .	11.8	1,841	21.7	46.4	68.1	25.4	25.3	.1	62.1
1974 . . . . .	10.9	1,934	21.0	42.8	63.8	22.0	21.8	.2	76.0
1975 . . . . .	12.5	1,851	23.2	41.8	65.0	21.5	21.2	.3	76.9
1976 . . . . .	12.6	1,795	22.6	43.5	66.1	21.8	21.6	.2	76.5
1977 . . . . .	13.4	2,007	26.8	44.3	71.1	21.1	21.1	.1	88.4
1978 . . . . .	13.6	1,684	22.9	50.0	72.9	22.4	22.3	.1	105.6
1979 <sup>2</sup> . . . . .	14.6	1,951	28.5	50.6	79.1	23.3	23.2	.1	120.8
1980 <sup>3</sup> . . . . .	15.0	1,890	28.4	55.7	84.1				
Connecticut Valley Shade-grown (type 61)									
1971 . . . . .	4.7	1,635	7.7	13.9	21.6	8.4	5.7	2.7	400.0
1972 . . . . .	4.1	1,250	5.1	13.2	18.3	7.6	4.8	2.8	485.0
1973 . . . . .	5.0	1,210	6.1	10.7	16.8	8.3	6.4	1.9	515.0
1974 . . . . .	4.8	1,625	7.8	8.5	16.3	6.8	2.8	3.9	600.0
1975 . . . . .	4.4	1,371	6.0	9.5	15.5	8.0	4.2	3.8	640.0
1976 . . . . .	4.2	1,555	6.6	7.5	14.1	5.2	1.8	3.4	540.0
1977 . . . . .	3.3	1,544	5.1	8.9	14.0	4.7	.5	4.2	600.0
1978 . . . . .	2.7	1,392	3.8	9.3	13.1	5.0	.1	4.9	750.0
1979 <sup>2</sup> . . . . .	2.7	1,472	4.0	8.1	12.1	5.4	.2	5.2	850.0
1980 <sup>3</sup> . . . . .	3.0	1,500	4.4	6.7	11.1				
Georgia-Florida Shade-grown (type 62)									
1971 . . . . .	3.0	1,582	4.7	8.1	12.8	6.2	5.4	.8	262.0
1972 . . . . .	3.0	1,517	4.6	6.6	11.2	4.2	3.8	.4	280.0
1973 . . . . .	2.6	1,413	3.7	7.0	10.7	4.2	3.7	.5	350.0
1974 . . . . .	1.9	1,724	3.2	6.5	9.7	3.6	3.1	.5	380.0
1975 . . . . .	1.1	1,556	1.7	6.2	7.9	1.9	1.5	.4	400.0
1976 . . . . .	.4	1,680	.6	6.0	6.6	2.4	2.0	.4	395.1
1977 . . . . .	.1	1,630	.2	4.2	4.4	1.1	.6	.5	400.0
1978 . . . . .	0	—	0	3.4	3.4	1.3	.9	.4	—
1979 <sup>2</sup> . . . . .	0	—	0	2.1	2.1	1.1	.7	.4	—
1980 <sup>3</sup> . . . . .	0	—	0	1.0	1.0				
Total Shade-grown (types 61-62)									
1971 . . . . .	7.7	1,614	12.4	22.0	34.4	14.6	11.1	3.5	347.5
1972 . . . . .	7.1	1,365	9.7	19.8	29.5	11.8	8.6	3.2	387.0
1973 . . . . .	7.6	1,280	9.8	17.7	27.5	12.5	10.1	2.4	452.2
1974 . . . . .	6.6	1,652	11.0	15.0	26.0	10.4	6.0	4.4	536.1
1975 . . . . .	5.5	1,409	7.7	15.7	23.4	9.8	5.6	4.2	585.7
1976 . . . . .	4.6	1,565	7.2	13.6	20.8	7.0	3.8	3.8	528.2
1977 . . . . .	3.4	1,547	5.3	13.1	18.4	5.8	1.0	4.8	591.4
1978 . . . . .	2.7	1,392	3.8	12.7	16.5	6.3	1.0	5.3	750.0
1979 <sup>2</sup> . . . . .	2.7	1,472	4.0	10.2	14.2	6.5	.9	5.6	850.0
1980 <sup>3</sup> . . . . .	3.0	1,500	4.4	7.7	12.1				
Grand Total Cigar Tobacco (types 41-62)									
1971 . . . . .	41.9	1,734	72.7	176.2	248.9	92.5	88.5	4.0	96.7
1972 . . . . .	40.4	1,434	58.1	156.4	214.5	80.7	77.1	3.6	104.4
1973 . . . . .	39.1	1,627	63.2	133.8	197.0	75.9	72.6	3.3	116.1
1974 . . . . .	35.5	1,834	65.3	121.2	186.5	67.7	62.8	4.9	142.5
1975 . . . . .	35.4	1,635	57.9	118.6	176.5	60.1	55.2	4.9	135.1
1976 . . . . .	35.4	1,700	60.3	116.8	177.1	57.5	53.1	4.4	121.4
1977 . . . . .	34.7	1,900	65.9	119.5	185.4	55.2	50.0	5.2	114.9
1978 . . . . .	33.1	1,752	58.0	130.1	188.2	58.6	53.1	5.5	122.1
1979 <sup>2</sup> . . . . .	31.8	1,717	54.7	129.7	184.4	58.8	53.0	5.8	154.3
1980 <sup>3</sup> . . . . .	34.6	1,806	62.5	125.6	188.1				

<sup>1</sup> October 1 for types 41-55; July 1 for types 61-62. <sup>2</sup> Estimated disappearance. <sup>3</sup> Estimated carryover, projected crop. <sup>4</sup> Puerto Rican planting occurs late in calendar year; projected for 1980. \* Estimated, excludes payment by Puerto Rican Government. \* Less than 50,000 pounds.

Table 16—Cash receipts from tobacco as percentage of cash receipts from crops and all farm commodities, by State, average 1966-70, annual 1977-79

State	Average 1966-70		1977		1978		1979 <sup>1</sup>	
	Tobacco	Percentage of total receipts	Tobacco	Percentage of total receipts	Tobacco	Percentage of total receipts	Tobacco	Percentage of total receipts
	Million dollars	Percent	Million dollars	Percent	Million dollars	Percent	Million dollars	Percent
North Carolina . . . .	518	38.4	866	33.0	1,106	34.2	894	26.8
Kentucky . . . . .	294	35.1	619	35.8	542	26.5	549	24.4
South Carolina . . . .	95	23.4	171	21.5	205	20.7	173	15.7
Virginia . . . . .	84	15.6	163	16.1	174	14.1	159	11.6
Tennessee . . . . .	81	12.6	164	11.9	165	10.2	156	8.5
Georgia . . . . .	85	7.9	150	6.8	174	6.8	147	4.9
Florida . . . . .	30	2.5	31	1.2	31	.9	30	.8
Maryland . . . . .	21	5.9	30	4.6	34	4.4	38	4.3
Connecticut . . . . .	26	16.1	34	15.2	23	9.9	26	10.5
Pennsylvania . . . . .	11	1.2	14	.8	14	.6	15	.6
Ohio . . . . .	14	1.1	29	1.0	23	.7	22	.6
Indiana . . . . .	10	.7	24	.7	20	.5	17	.4
Massachusetts . . . . .	10	6.2	11	5.0	9	4.0	8	3.1
Wisconsin . . . . .	5	.4	14	.5	20	.5	22	.5
Missouri . . . . .	3	.2	5	.2	6	.2	9	.2
West Virginia . . . . .	2	2.4	4	.3	3	1.9	3	1.5
United States <sup>2</sup> . . .	1,292	2.8	2,329	2.5	2,549	2.3	2,271	2.0

<sup>1</sup>Subject to revision. <sup>2</sup>U.S. total receipts from tobacco include relatively small receipts for a few States not shown separately.

Table 17—Tobacco manufacturing corporations: Net sales, net income, and profit ratios, 1970-79

Period	Net income			Profit			
	Net sales	Before income taxes	After income taxes	Per dollar of sales		Percentage of stockholders equity (annual basis)	
				Before Federal tax	After Federal tax	Before Federal tax	After Federal tax
	Million dollars			Cents		Percent	
1970 . . . . .	9,839	1,098	569	11.2	5.8	30.3	15.7
1971 . . . . .	10,551	1,217	643	11.5	6.1	29.8	15.7
1972 . . . . .	11,308	1,246	676	11.1	6.0	28.4	15.4
1973 . . . . .	12,205	1,254	704	10.3	5.8	26.4	14.8
1974 . . . . .	14,267	1,354	770	9.5	5.4	<sup>1</sup> 26.4	<sup>1</sup> 15.0
1974 <sup>2</sup> . . . . .	8,933	1,053	801	11.8	9.0	<sup>1</sup> 26.4	<sup>1</sup> 20.0
1975 . . . . .	9,987	1,396	919	14.0	9.2	26.6	16.6
1976 . . . . .	11,964	1,638	1,011	14.3	7.8	28.8	15.9
1977 . . . . .	13,696	1,938	1,239	14.2	9.1	32.0	17.5
1978 . . . . .	15,493	2,591	1,461	16.7	9.4	32.4	18.3
1979 . . . . .	<sup>3</sup> 15,331	2,812	1,752	18.3	11.4	30.9	19.2
Quarterly 1979							
1 . . . . .	3,648	665	401	18.2	11.0	30.7	18.5
2 . . . . .	3,772	670	411	17.8	10.9	30.0	18.4
3 . . . . .	3,836	780	502	20.3	13.1	33.6	21.6
4 . . . . .	4,075	697	438	17.1	10.8	29.3	18.4

<sup>1</sup> Estimated on the basis of an equity increase of 8 percent. <sup>2</sup> Industry classification changed and foreign subsidiary results omitted beginning with 1974. For 1974, the new series reduced net sales 37 percent and profits before taxes 22 percent. Profits after taxes increased 4 percent. <sup>3</sup> Excludes excise taxes. Note: Includes non-tobacco enterprises of tobacco manufacturing corporations. Compiled from the *Quarterly Financial Reports for Manufacturing Corporations*. Federal Trade Commission—Securities and Exchange Commission.

Table 18.--United States exports of unmanufactured tobacco by types, to principal importing countries, crop years, 1978/79-1979/80 <sup>1/</sup>

(Declared weight)

Importing countries	1978/79	Part year thru April		Importing countries	1978/79	Part year thru April	
		1978/79	1979/80 2/			1978/79	1979/80 2/
Million pounds				Thousand Pounds			
Flue-cured, types 11-14				Va. fire & sun-cured, types 21 & 37			
United Kingdom	92.4	84.5	32.3	Switzerland	538	538	0
West Germany	39.9	32.7	40.2	Norway	1,716	969	702
Japan	71.5	71.5	59.7	Sweden	416	337	0
Netherlands	11.8	10.6	19.1	West Germany	90	11	274
Thailand	15.1	14.1	15.0	Other countries	364	173	354
Australia	8.5	7.1	9.0	Total	3,124	2,028	1,330
Italy	16.0	15.7	15.4	One Sucker, type 35			
Sweden	5.7	5.7	7.8	Bahamas	0	0	0
Norway	2.8	1.9	3.3	Zaire	154	154	0
Finland	5.0	4.8	5.0	Other countries	70	68	15
Denmark	14.4	10.7	8.1	Total	224	222	15
Ireland	5.9	4.7	3.8	Green River type 36			
Belgium-Luxembourg	7.3	7.4	4.5	United Kingdom	42	18	0
Switzerland	6.7	6.6	6.0	Benin (Dahomey)	64	0	0
Rep. of Korea	17.5	17.5	9.4	Zaire	117	117	0
Philippines	5.8	5.2	4.7	Other countries	87	0	2
Spain	10.4	10.4	9.4	Total	310	135	2
Malaysia	9.5	7.6	4.9	Cigar Filler, type 41-44			
Taiwan	33.9	33.9	23.1	Canada	20	0	0
Egypt	10.4	10.4	5.8	France	77	44	42
Other countries	49.0	47.9	52.6	Other countries	30	26	22
Total	439.1	407.3	339.1	Total	127	70	64
Burley, type 31				Connecticut Binder, types 51-52			
Italy	17.3	7.1	6.2	Dominican Republic	53	0	20
Sweden	2.0	1.2	1.5	Switzerland	15	0	0
Denmark	3.0	2.1	2.2	Canada	0	0	22
Netherlands	6.7	.9	6.3	Other countries	2	20	0
Japan	14.8	14.8	9.6	Total	70	20	42
West Germany	10.6	1.7	16.8	Wisconsin Binder, types 54-55			
Switzerland	5.6	.5	2.4	Canada	7	0	0
United Kingdom	4.3	2.0	.9	Other countries	2	0	2
Thailand	2.9	4.6	7.6	Total	9	0	2
Philippines	6.2	3.3	1.9	Cigar Wrapper, types 61-62			
Other countries	12.5	8.5	9.2	United Kingdom	477	351	256
Total	85.9	46.7	64.6	West Germany	87	68	41
Maryland, type 32				Canada	21	18	40
Belgium-Luxembourg	.6	.8	.4	Dominican Republic	3,265	2,773	2,167
West Germany	1.7	1.2	.5	Netherlands	545	397	163
Switzerland	2.7	2.1	2.8	Other countries	337	233	85
Other countries	2.7	2.1	.5	Total	4,732	3,840	2,752
Total	7.7	6.2	4.2	Black Fat			
Ky.-Tenn. fire cured, types 22-23				Dahomey	1,599	910	754
Sweden	.5	.5	1.1	Cameroon	317	196	196
Netherlands	10.9	8.6	3.9	Niger	241	0	64
Belgium-Luxembourg	.3	.1	.3	Nigeria	253	214	0
France	3.1	1.8	1.3	Togo	417	71	344
Switzerland	.8	.6	.4	Other countries	137	88	59
Other countries	3.8	2.6	.5	Total	2,964	1,479	1,417
Total	19.4	14.2	7.5				
Stems, Trimmings, and Scrap 2/							
Sweden	2.7	2.3	3.3				
Denmark	2.2	4.6	5.2				
United Kingdom	20.9	19.7	7.6				
West Germany	10.0	7.4	7.2				
Japan	15.9	16.0	14.0				
Other countries	38.8	25.0	17.7				
Total	90.3	75.0	55.0				

<sup>1/</sup> July-June crop year for flue-cured, cigar wrapper, stems, trimmings, and scrap; October-September crop for all other types. <sup>2/</sup> Subject to revision. Detail may not add to total due to rounding.

Compiled from publications and records of the Bureau of the Census.



# FLUE-CURED TOBACCO PRODUCTION COSTS: A PREVIEW OF 1980

By Verner N. Grise  
Agricultural Economist  
National Economics Division  
Economics, Statistics, and Cooperatives Service

**ABSTRACT:** ABSTRACT: The cost of producing flue-cured tobacco will rise by around 18 percent in 1980. Sharply higher tractor fuel, curing fuel, and fertilizer prices together with large increases in labor, machinery, and barn costs account for much of the increase. Production costs (excluding land, management, and allotment costs) are estimated at 97.5 cents a pound for a conventional harvest system and 93.0 cents a pound for a bulk barn system. **KEYWORDS:** Flue-cured tobacco, production costs, tobacco harvest systems.

## INTRODUCTION

The purpose of this article is to evaluate cost changes of various inputs and to estimate the changes in costs of producing flue-cured tobacco in 1980 compared with the costs in 1979, assuming constant yields.

To assess the changes in production costs, budgets are estimated for commonly used harvest systems. Costs of producing flue-cured tobacco have been published in the TOBACCO SITUATION in each of the last 6 years.<sup>1</sup> For comparison purposes, and to illustrate annual cost changes, the same basic assumptions, including yields, have been used.

The harvest systems utilized are: (1) a conventional barn, walking primers, and a tying machine, and (2) a bulk barn and priming aid. The conventional barn system has traditionally been used on tobacco farms. The bulk system is representative of labor-saving technology now used for more than half the flue-cured crop. Innovations accompanying bulk curing include one- and two-row self propelled and tractor drawn multipass automatic harvesters, and big-box curing. The additional innovations described above generally require greater capital investment but less labor than the bulk barn system depicted.

Production costs vary widely due to management, labor productivity, and a host of other variables besides harvest system. These budgets do not reflect such variability, but rather they evaluate cost changes for specified situations.

### Cost of 1980 Inputs

Tobacco growers will find that the costs of producing their 1980 crop will be much greater than in 1979 (tables 1 and 2). Total costs of flue-cured tobacco production in 1980, judging by input expenditures incurred through May, will likely increase about 15.1 cents a pound (18.3 percent) for the con-

<sup>1</sup>See TOBACCO SITUATION, TS-149, "Flue-cured Tobacco Production and Prices, 1972-74," September 1974, pp. 37-42; TOBACCO SITUATION, TS-152, "Flue-cured Tobacco Production Costs, A Preview of 1975," June 1975, pp. 29-32; TOBACCO SITUATION, TS-156, "Price Support Level and Production Costs for the 1976 Flue-cured Tobacco Crop," July 1976, pp. 31-34; TOBACCO SITUATION, TS-161, "Flue-cured Tobacco Production Costs, 1977," September 1977, pp. 38-40; TOBACCO SITUATION, TS-164, "Flue-cured Tobacco Production Costs: A Preview of 1978," June 1978, pp. 29-32; and TOBACCO SITUATION, TS-168, "Flue-cured Tobacco Production Costs: A Preview of 1979," June 1979, pp. 29-32.

ventional system and 13.9 cents a pound (17.6 percent) for the bulk system (table 2).<sup>2</sup>

Preharvest costs for 1980 are estimated about 15 percent higher than in 1979. Sharp increases have occurred in tractor fuel prices, fertilizer prices, and interest rates. Machinery repair costs, labor, and some pesticide costs have also risen by more than 10 percent.

Wage rates are 13 percent higher this year compared with a 9-percent increase last year. One reason for the hike in wage rates is that the Federal minimum wage rate rose by 20 cents an hour to \$3.10.<sup>3</sup> The minimum wage rate affects both covered and non-covered farms, since they are competing for workers.

Tractor fuel prices jumped 67 percent. Fertilizer prices are up about 25 percent compared with only a

small increase in 1979. The price of new farm machinery has risen, and the fixed costs of machinery and equipment operation are more than 10 percent higher than in 1979.

Harvest costs are expected to rise by 19 percent for the bulk barn system and 20 percent for the conventional barn system (table 2). Curing fuel costs are up by one-half. Together with increased wage rates, other major harvest cost increases include ownership costs of machinery used for harvest and the costs of both conventional and bulk barns.

The total cost of producing flue-cured tobacco in 1980 is expected to be 18 percent higher than in 1979. Costs for a conventional barn system will likely rise from 82.4 cents a pound to 97.5 cents a pound, and costs for the bulk barn system will likely rise from 79.1 cents to 92.8 cents a pound.

### Conclusion

The upward trend in prices of inputs used in producing flue-cured tobacco are continuing at an accelerated rate in the 1980 crop year. The price of essentially all inputs is up in 1980, led by sharply higher fuel and fertilizer costs.

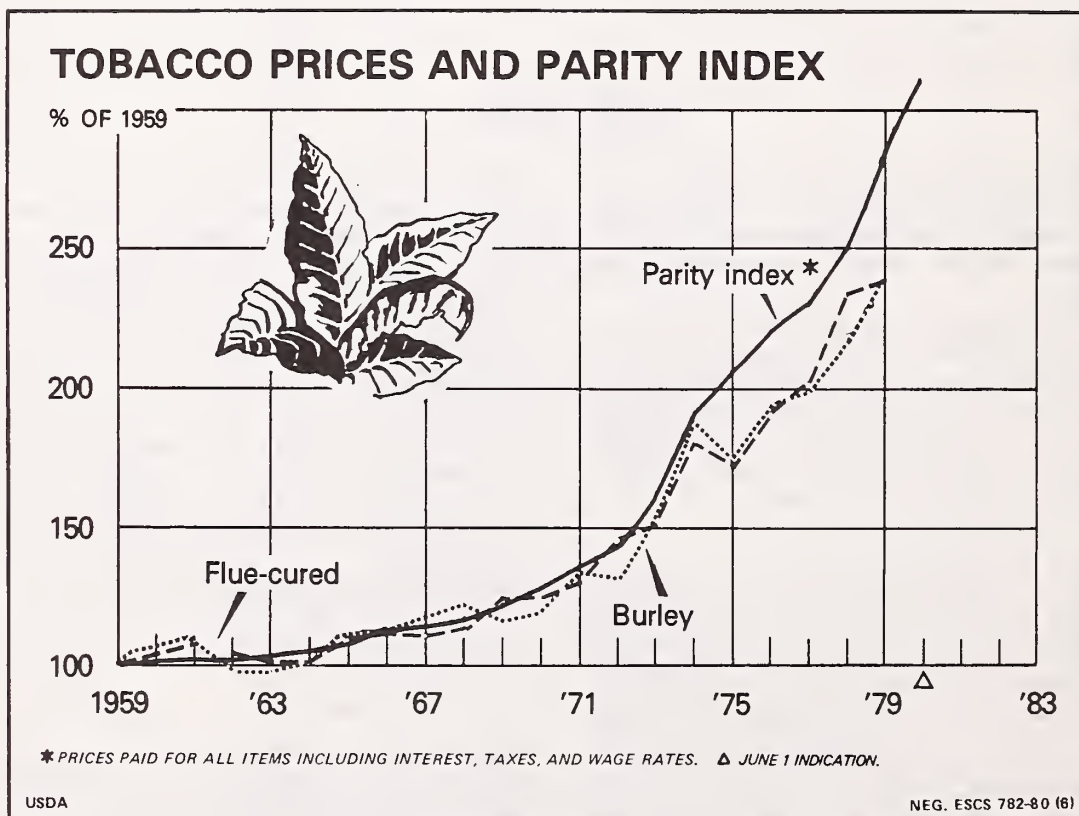


Table 1--Estimated preharvest costs per acre for flue-cured tobacco, 1979 and 1980

Item	Unit	Quantity	1979 1/		1980 2/	
			Price	Value	Price	Value
			per unit		per unit	
Dollars						
Plant bed						
Fumigant	lb.	5.0	1.30	6.50	1.32	6.60
Fertilizer	cwt.	.5	5.15	2.58	6.44	3.22
Seed	oz.	.1	20.50	2.05	22.00	2.20
Fungicide	lb.	12.5	.13	1.63	.15	1.88
Insecticide	lb.	.33	.61	.20	.67	.22
Framing materials	---	---	---	4.89	---	5.18
Plastic cover	sq. yd.	60.0	.114	6.84	.14	8.40
Tractor and equipment 3/						
Fuel	gal.	1.3	.67	.87	1.12	1.46
Other	---	---	---	10.25	---	11.58
Labor	hr.	10.15	4/2.75	27.91	4/3.10	31.47
Interest on operating costs	dol.		.104	4.42	.125	5.78
Subtotal				68.14		77.99
Preharvest						
Nematicide	lb.	56.0	.88	49.28	.93	52.08
Fertilizer	cwt.	16.0	6.49	103.84	8.11	129.76
Herbicide	qt.	1.0	14.00	14.00	15.50	15.50
Insecticide	gal.	1.0	18.54	18.54	20.50	20.50
Sucker control	gal.	3.0	9.70	29.10	10.70	32.10
Tractor and equipment 3/						
Fuel	gal.	22.7	.67	15.21	1.12	25.42
Other	---	---	---	62.92	---	71.10
Insurance	\$100	12.5	5.00	62.50	5.00	62.50
Labor	hr.	65.2	4/2.75	179.30	4/3.10	202.12
Interest on operating costs	dol.		.104	27.80	.125	38.19
Subtotal				562.49		649.27
Total preharvest costs				630.63		727.26

1/ Costs for 1979 taken from "Flue-cured Tobacco Production Costs -- A preview of 1979," Verner N. Grise, Tobacco Situation, TS-168, June 1979, pp. 29-32.

2/ Estimated costs of inputs based on April and May input prices.

3/ Tractor and equipment costs include a small and a large tractor. Fixed costs of machinery based on 500 hours of annual use of small tractor and 750 hours annual use of large tractor.

4/ Labor cost estimate based on wage rate increases for field workers from April 8-14, 1979 to April 6-12, 1980.



Table 2--Estimated harvest and total costs per acre for flue-cured tobacco, conventional barn and bulk barn harvest systems, 1979 and 1980.

Item	Unit	Quantity	1979 1/		1980 2/	
			Price	Value	Price	Value
			:per unit:		:per unit:	
				Dollars		
				Conventional barn 3/		
Preharvest costs				630.63		727.26
Harvest costs						
Fuel	gal.	408.0	.47	191.76	.70	285.60
Electricity	kil. hr.	63.0	.056	3.53	.062	3.91
Twine	lb.	5.0	3.29	16.45	3.78	18.90
Sticks	---			7.38		7.82
Sheets	---			3.30		3.65
Tying machine 4/	hr.	6.0	7.86	47.16	8.72	52.32
Tractor and equipment 5/						
Fuel	gal.	47.2	.67	31.62	1.12	52.86
Other	---		---	114.57	---	129.46
Barn	acre	1.0	122.22	122.22	134.44	134.44
Marketing	lb.	2,100.0	3% @ 1.29	81.27	3% @ 1.42	89.46
Labor	hr.	175.0	7/ 2.75	481.25	7/ 3.10	542.50
Total harvest expenses 8/				1,100.51		1320.92
Total expenses 8/				1,731.14		2048.18
Cost per pound				.824		.975
					Dollars	
					Bulk barn 9/	
Preharvest costs				630.63		727.26
Harvest costs						
Fuel	gal.	362.0	.47	170.14	.70	253.40
Electricity	kil. hr.	840.0	.056	47.04	.062	52.08
Sheets	---	---	---	3.30	---	3.65
Riding primer 10/	hr.	5.0	16.21	81.05	17.99	89.95
Tractor and equipment 5/						
Fuel	gal.	36.4	.67	24.39	1.12	40.77
Other	---	---	---	88.41	---	99.90
Barn	acre	1.0	245.73	245.73	270.30	270.30
Marketing	lb.	2,100.0	3% @ 1.29	81.27	3% @ 1.42	89.46
Labor	hr.	105.0	7/ 2.75	288.75	7/ 3.10	325.50
Total harvest expenses 8/				1,030.08		1225.01
Total expenses 8/				1,660.71		1952.27
Costs per pound 8/				.791		.930

1/ Costs for 1979 taken from "Flue-cured Tobacco Production Costs -- A Preview of 1979," Verner N. Grise, Tobacco Situation, TS-168, June 1979, pp. 29-32. A yield of 2,100 pounds is assumed.

2/ Estimated costs of inputs primarily based on April and May 1980 input costs.

3/ Costs are calculated for tobacco primed by walking primers, with the leaf put on sticks by tying machine and cured in conventional barn.

4/ Fixed costs based on 72 hours annual use.

5/ Tractor and equipment costs include a small and a large tractor. Fuel and other costs for hauling are included in equipment estimates.

6/ Fixed costs based on curing 12 acres of tobacco annually.

7/ Labor costs estimates based on wage rate increases for hired workers from April 8-14, 1979 to April 6-12, 1980.

8/ Excluding cost for land, management, and tobacco allotment.

9/ Costs are calculated for tobacco primed by tractor drawn priming aid and cured in bulk barn.

10/ Fixed costs based on 60 hours annual use.

STATISTICAL SUMMARY

Item	Unit or base period	1979		1980			Last data as percentage of a year earlier
		April	May	March	April	May	
Average price at auctions							
Flue-cured	Ct. per lb.	closed	closed	closed	closed	closed	---
Burley	Ct. per lb.	closed	closed	closed	closed	closed	---
Maryland	Ct. per lb.	124.5	122.2	closed	139.5	139.0	114
Virginia fire-cured	Ct. per lb.	closed	closed	closed	closed	closed	---
Ky.-Tenn. fire-cured	Ct. per lb.	80.9	closed	closed	closed	closed	---
Ky.-Tenn. dark air-cured	Ct. per lb.	closed	closed	closed	closed	closed	---
Virginia sun-cured	Ct. per lb.	closed	closed	closed	closed	closed	---
Price support level 1/							
Flue-cured	Ct. per lb.	129.3			141.5		109
Burley	Ct. per lb.	133.3			145.9		109
Virginia fire-cured	Ct. per lb.	90.4			98.9		109
Ky.-Tenn. fire-cured	Ct. per lb.	90.4			98.9		109
Ky.-Tenn. dark air-cured	Ct. per lb.	80.4			88.0		109
Virginia sun-cured	Ct. per lb.	80.4			88.0		109
Connecticut Valley cigar binder	Ct. per lb.	92.3			101.0		109
Wis. binder and Ohio filler	Ct. per lb.	66.6			72.9		109
Puerto Rican filler	Ct. per lb.	69.2			75.7		109
Parity index 2/	1910-14=100	839	845	933	933	936	111
Industrial production index 3/	1967=100	150.8	152.4	151.3	148.5		98
Employment	Mil.	95.7	96.2	96.5	96.6		101
Personal income 4/	Bil. dol.	1,880.7	1,891.6	2,070.0	2,067.0	2,070.0	109
Taxable removals							
Cigarettes	Bil.	58.9	48.4	48.1	49.5		84
Cigars and cigarillos	Mil.	428.0	336.0	322.4	233.4		70
Accumulated from Jan. 1							
Cigarettes	Bil.	163.0	211.4	102.2	151.8		93
Cigars and cigarillos	Mil.	1,055.1	1,399.1	629.0	918.3		87
Invoiced to domestic customers							
Accumulated from Jan. 1							
Smoking tobacco	Mil. lb.	8.2			7.6		93
Chewing tobacco	Mil. lb.	22.7			24.2		107
Snuff	Mil. lb.	5.9			5.8		98
Tax-exempt removals							
Cigarettes	Bil.	8.9	7.7	9.6	9.6		108
Exports	Bil.	7.7	6.5	6.2	10.9	6.4	98
Cigars and cigarillos	Mil.	15.7	16.0	14.0	8.9		56
Accumulated from Jan. 1							
Cigarettes	Bil.	22.7	30.4	19.2	28.4		126
Exports	Bil.	17.8	24.2	12.5	23.4	29.9	124
Cigars and cigarillos	Mil.	39.0	48.4	24.0	32.9		84
Invoiced for export							
Accumulated from Jan. 1							
Smoking tobacco	Mil. lb.	.2			.2		100
Chewing tobacco	Mil. lb.	.3			.4		133
Producer price indexes 5/							
Tobacco products	1967=100	213.8	213.9	236.9	237.1	237.6	111
Cigarettes (filtertip, king size)	1967=100	216.3	224.4	240.5	240.5	240.5	107
Cigars	1967=100	142.4	142.7	151.3	151.6	152.4	107
Smoking tobacco	1967=100	230.2	231.0	255.9	259.7	264.4	114
Plug chewing tobacco	1967=100	246.9	246.9	269.5	269.5	279.6	113
Snuff	1967=100	258.5	258.5	277.1	277.0	287.5	111
Consumer price indexes (urban)							
Tobacco products	1967=100	185.8	186.1	198.1	198.4	198.9	106
Cigarettes	1967=100	187.9	188.4	200.9	210.2	201.6	107
Other tobacco products 6/	Dec. 1977=100	108.9	109.5	115.6	116.3	117.2	107
Imports of tobacco							
Cigarette leaf	Mil. lb.	14.4	13.0	19.1	14.4	18.3	141
Cigar tobacco 7/	Mil. lb.	5.8	5.2	5.1	4.8	2.0	38
Accumulated from Jan. 1							
Cigarette leaf	Mil. lb.	55.5	68.5	30.8	45.1	71.6	105
Cigar tobacco 7/	Mil. lb.	16.5	21.7	5.6	14.4	12.3	57

See footnotes at end of table.

TS-172, JUNE 1980 27

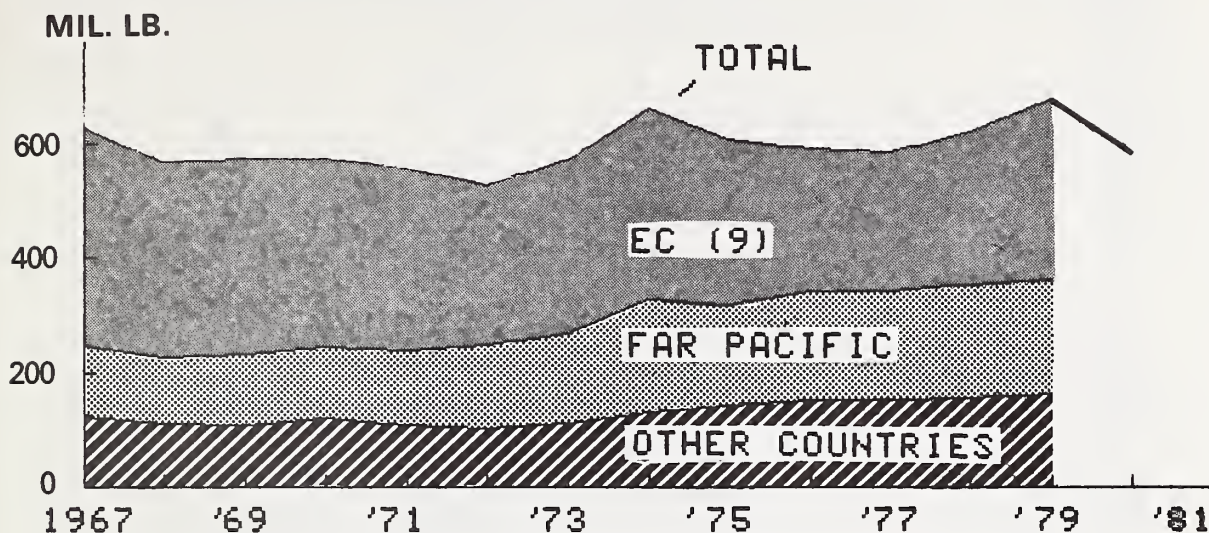
STATISTICAL SUMMARY--CONTINUED

Item	Unit or base period	1979		1980		Last data as percentage of a year earlier
		March	April	February	March	April
Exports of leaf tobacco						
(farm-sales weight)						
Flue-cured	Mil. lb.	39.3	37.4	56.5	45.9	43.9
Burley	Mil. lb.	25.2	20.7	7.0	53.2	21.1
Maryland	Mil. lb.	.5	.8	*	.8	*
Virginia fire- & sun-cured	Mil. lb.	.5	.9	.1	.2	.2
Ky.-Tenn. fire-cured	Mil. lb.	1.4	2.1	1.2	.8	.5
Ky.-Tenn. dark air-cured	Mil. lb.	.1	.1	0	*	.3
Cigar wrapper	Mil. lb.	.4	.7	.6	.5	.2
Cigar binder	Mil. lb.	0	0	0	*	.1
Accumulated from beginning of marketing year 8/						
Flue-cured	Mil. lb.	518.1	555.5	383.1	429.1	473.0
Burley	Mil. lb.	46.2	66.9	13.5	73.7	94.8
Maryland	Mil. lb.	7.5	8.3	1.1	4.2	5.6
Virginia fire- & sun-cured	Mil. lb.	11.7	2.4	1.2	1.4	1.6
Ky.-Tenn. fire-cured 9/	Mil. lb.	13.7	15.6	7.3	8.1	8.7
Ky.-Tenn. dark air-cured 9/	Mil. lb.	1.5	1.6	.7	.7	1.0
Cigar wrapper	Mil. lb.	3.6	4.3	3.6	4.2	4.4
Cigar binder	Mil. lb.	*	*	*	.1	.1
Cigar filler	Mil. lb.	*	.1	.1	.1	.1
Exports of manufactured tobacco in bulk and not elsewhere classified 10/	Mil. lb.	.9	1.7	.8	1.4	2.8
Accumulated from Jan. 1	Mil. lb.	1.9	3.6	.6	2.1	4.8
Quarterly data						
		1979		1980		
		Jan-Mar.	April-June	Jan-Mar.	April-June	
Stocks of tobacco--1st of quarter (farm-sales weight) 11/						
Domestic types						
Flue-cured	Mil. lb.	2,600	2,306	2,457	2,192	95
Burley	Mil. lb.	1,490	1,519	1,374	1,313	86
Maryland	Mil. lb.	42	38	41	37	97
Fire-cured	Mil. lb.	47	85	69	97	114
Dark air- and sun-cured	Mil. lb.	38	43	38	45	105
Cigar filler	Mil. lb.	63	83	61	72	87
Cigar binder	Mil. lb.	49	61	53	65	107
Cigar wrapper	Mil. lb.	11	11	10	8	73
Under Government loan 12/	Mil. lb.	714	798	766	772	97
Foreign types						
Cigarette and smoking	Mil. lb.	638	655	683	683	104
Oriental	Mil. lb.	329	359	343	343	96
Flue-cured	Mil. lb.	134	133	153	148	111
Burley	Mil. lb.	173	163	187	192	118
Cigar	Mil. lb.	77	100	91	91	91
Tobacco outlets 13/						
Seasonally adjusted data, annual rates, for charts, p. 2						
Cigarettes						
Production	Bil.	731.6	705.0	723.4	700.7	99
Tax-paid removals	Bil.	643.0	606.3	589.4	594.5	98
Cigar production						
Large	Bil.	4.65	4.78	3.84	4.17	87
Small	Bil.	1.65	1.45	1.42	1.53	105
Smoking production	Mil. lb.	34.8	32.7	32.4	32.0	98
Chewing production						
Loose leaf	Mil. lb.	66.1	73.9	75.2	76.0	103
Plug and other	Mil. lb.	30.0	31.1	33.0	33.0	106
Snuff production	Mil. lb.	24.4	25.4	25.4	25.4	100
Exports of leaf						
Total	Mil. lb.	522.2	368.0	540.4	496.0	95
Flue-cured	Mil. lb.	714.6	597.3	879.2	567.0	95

1/ 1979 and 1980 crops, respectively. 2/ Prices paid by farmers including interest, taxes and wage rates. 3/ Seasonally adjusted. 4/ Seasonally adjusted, annual rate. 5/ Federal and applicable state and local taxes included. 6/ Includes tobacco accessories. 7/ Farm-sales weight equivalent. 8/ July 1 for flue-cured and cigar wrapper and October 1 for others. 9/ Includes Black Fat. 10/ Smoking tobacco in bulk through December 1977. Beginning January 1978 blended strips no longer included. 11/ Holdings of manufacturers and dealers, including grower cooperatives. 12/ Reported by grower cooperatives. 13/ Latest quarter is estimated. \*Less than 50,000 pounds. Detail may not add due to rounding.



# EXPORT MARKETS FOR U.S. TOBACCO



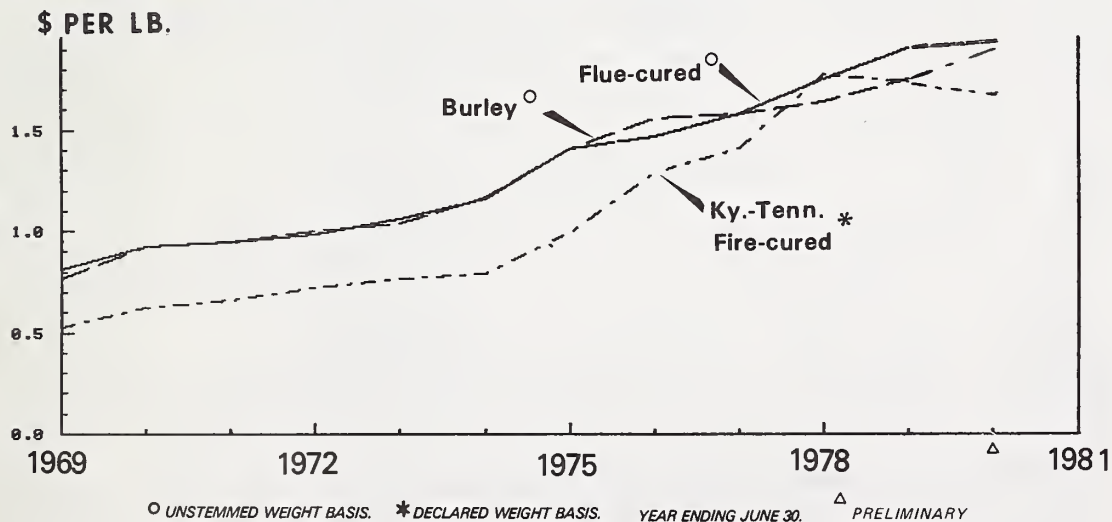
UNMANUFACTURED, DECLARED WEIGHT, YEAR ENDING JUNE 30.

LATEST YEAR PRELIMINARY.

USDA

NEG. ESCS 487-80(6)

## AVERAGE TOBACCO EXPORT VALUES

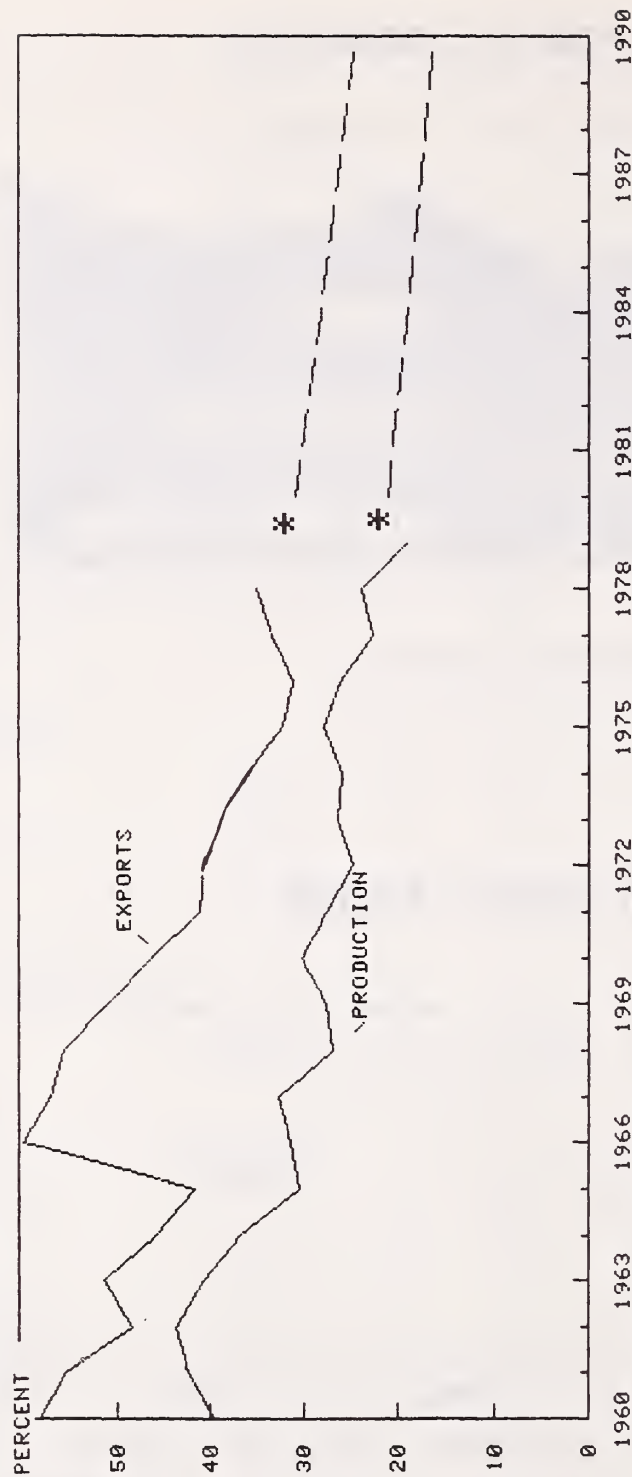


USDA

NEG. ESCS 5113-80(6)

TS-172, JUNE 1980 29

# FLUE-CURED TOBACCO: U.S. SHARE OF WORLD PRODUCTION AND EXPORTS

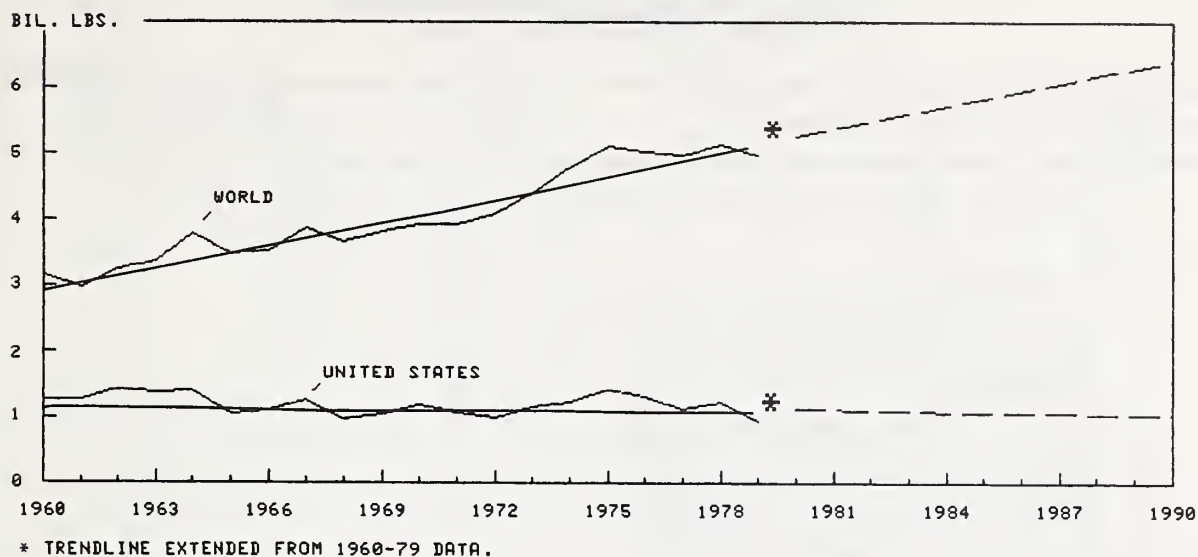


\* USDA PROJECTED FROM ACTUAL DATA.

USDA

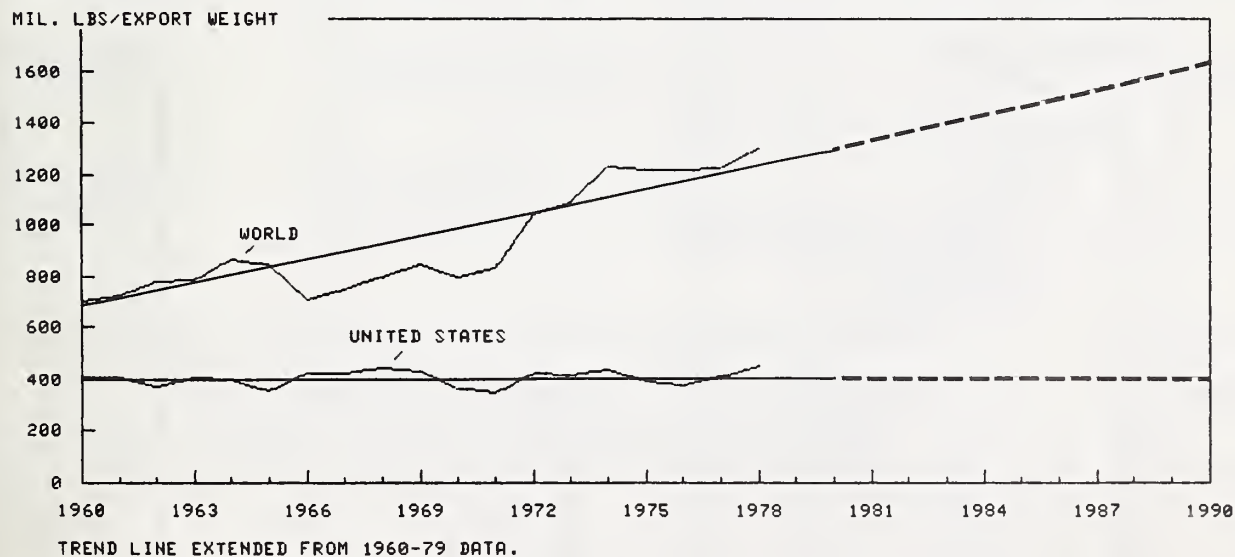
NEG. ESCS 260-80 (06)

# FLUED-CURED PRODUCTION: UNITED STATES AND WORLD



USDA NEG. ESCS 292-80 (06)

# FLUE-CURED EXPORTS: UNITED STATES AND WORLD



USDA NEG. ESCS 2711-80 (06)



## TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1980)

SCHEDULE 1. - ANIMAL AND VEGETABLE PRODUCTS  
Part 13. - Tobacco and Tobacco Products

Page 91

1 - 13 --  
170.01 - 170.35

G S P	Item	Stat. Suf- fix	Articles	Units of Quantity	Rates of Duty		
					1	LDDC	2
			<b>PART 13. - TOBACCO AND TOBACCO PRODUCTS</b>				
			<u>Part 13 headnotes:</u>				
			1. The term "wrapper tobacco", as used in this part, means that quality of leaf tobacco which has the requisite color, texture, and burn, and is of sufficient size for cigar wrappers, and the term "filler tobacco" means all other leaf tobacco.				
			2. The percentage of wrapper tobacco in a bale, box, package, or other shipping unit is the ratio of the number of leaves of wrapper tobacco in such unit to the total number of leaves therein. In determining such percentage for classification purposes, the appraiser shall examine at least ten hands, and shall count the leaves in at least two hands, from each shipping unit designated for examination.				
			3. The dutiable weight of cigars and cigarettes includes the weight of all materials which are integral parts thereof.				
			4. Provisions for the free entry of certain samples of tobacco products are covered by part 5 of schedule 8.				
			 Leaf tobacco, the product of two or more countries or dependencies, when mixed or packed together:				
	170.01	00	Not stemmed.....	Lb.....	\$2.275 per lb.		\$2.275 per lb.
	170.05	00	Stemmed.....	Lb.....	\$2.925 per lb.		\$2.925 per lb.
			 Wrapper tobacco (whether or not mixed or packed with filler tobacco):				
	170.10	00	Not stemmed.....	Lb.....	36¢ per lb.		\$2.275 per lb.
	170.15	00	Stemmed.....	Lb.....	62¢ per lb.		\$2.925 per lb.
			 Filler tobacco (whether or not mixed or packed with wrapper tobacco):				
			When mixed or packed with over 35% of wrapper tobacco:				
	170.20	00	Not stemmed.....	Lb.....	36¢ per lb.		\$2.275 per lb.
	170.25	00	Stemmed.....	Lb.....	\$1.548 per lb.		\$2.925 per lb.
			When not mixed and not packed with wrapper tobacco, or when mixed or packed with 35% or less of wrapper tobacco:				
			Cigarette leaf:				
			Not stemmed:				
	170.28	00	Leaf, oriental or Turkish type, not over 8.5 inches in length.....	Lb.....	11.5¢ per lb.		35¢ per lb.
	170.32		Other.....	.....	12.75¢ per lb.		35¢ per lb.
		10	Flue-cured.....	Lb.			
		30	Burley.....	Lb.			
		40	Other.....	Lb.			
	170.35	00	Stemmed.....	Lb.....	41¢ per lb.	20¢ per lb.	50¢ per lb.
			 LDDC= Less developed developing country.				

**TARIFF SCHEDULES OF THE UNITED STATES ANNOTATED (1980)**

**SCHEDULE 1. - ANIMAL AND VEGETABLE PRODUCTS  
Part 13. - Tobacco and Tobacco Products**

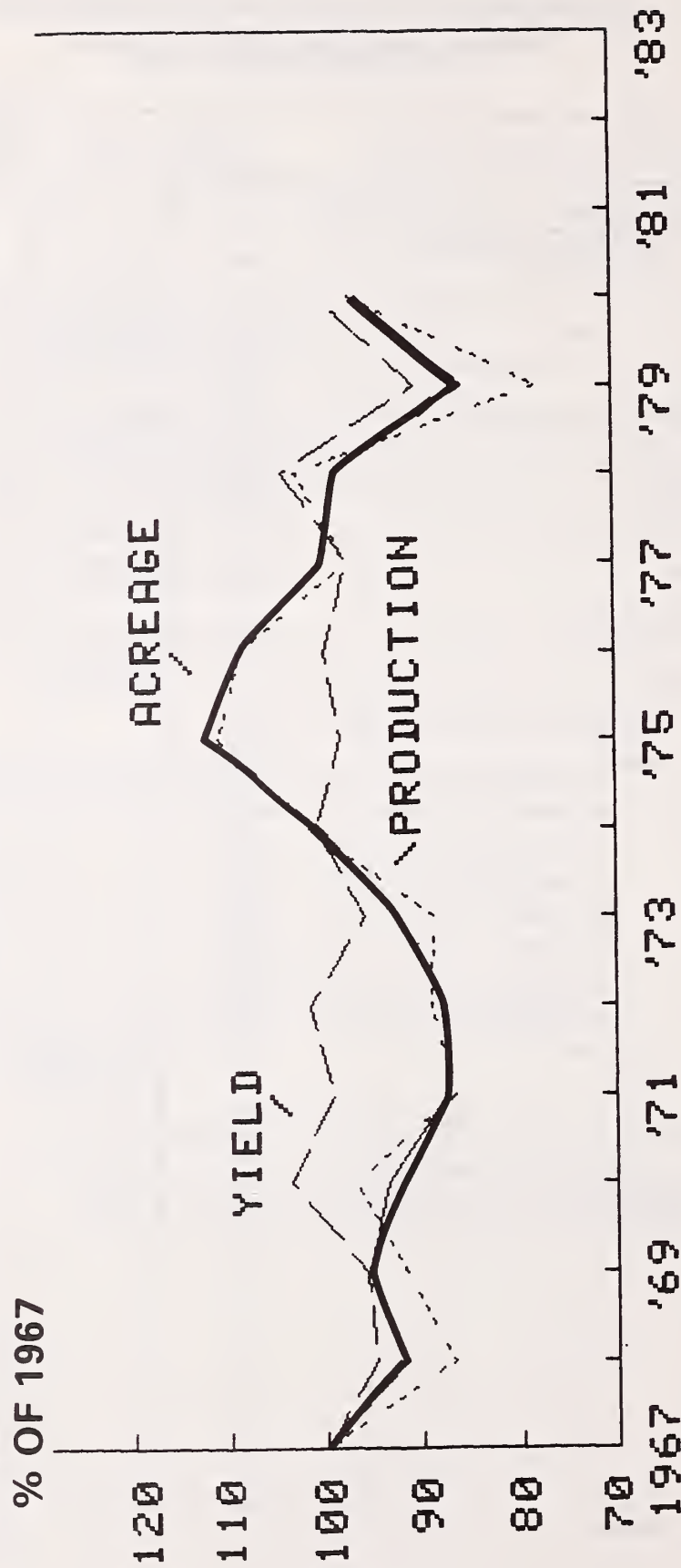
Page 92

1 - 13 --  
170.40 - 170.80

G S P	Item	Stat. Suf- fix	Articles	Units of Quantity	Rates of Duty		
					1	LDDC	2
			Filler tobacco (whether or not mixed, etc.)(con.): When not mixed and not packed, etc. (con.): Other, including cigar leaf:				
	170.40	00	Not stemmed.....	Lb.....	16.1¢ per lb.		35¢ per lb.
	170.41		If product of Cuba.....	.....	12.6¢ per lb. (s)		
	170.45	00	Stemmed.....	Lb.....	20¢ per lb.		50¢ per lb.
	170.46		If product of Cuba.....	.....	18¢ per lb. (s)		
			Tobacco stems:				
	170.50	00	Not cut, not ground, and not pulverized.....	Lb.....	Free		Free
	170.55	00	Cut, ground, or pulverized.....	Lb.....	55¢ per lb.		55¢ per lb.
	170.60		Scrap tobacco.....	.....	16.1¢ per lb.		35¢ per lb.
		20	Cigar leaf.....	Lb.			
		40	Other.....	Lb.			
	170.61		If product of Cuba.....	.....	12.6¢ per lb. (s)		
	170.65	00	Cigarettes.....	No.....v Lb.	\$1.06 per lb. + 5% ad val.		\$4.50 per lb. + 25% ad val.
			Cigars and cheroots:				
	170.66	00	Cigars each valued 15 cents or over.....	No.....v Lb.	86¢ per lb. + 4.5% ad val.		\$4.50 per lb. + 25% ad val.
	170.72		Other.....	.....	\$1.91 per lb. + 10.5% ad val.		\$4.50 per lb. + 25% ad val.
		10	Small cigars and cheroots (weighing not more than 3 pounds per 1,000).....	No. v Lb.			
			Other:				
		25	ATF statistical class A.....	No. v Lb.			
		35	ATF statistical class B.....	No. v Lb.			
		45	ATF statistical class C.....	No. v Lb.			
		55	ATF statistical class D.....	No. v Lb.			
		65	ATF statistical class E.....	No. v Lb.			
		75	ATF statistical class F.....	No. v Lb.			
		85	ATF statistical class G.....	No. v Lb.			
		90	ATF statistical class H.....	No. v Lb.			
	170.73		If product of Cuba.....	.....	\$1.27 per lb. + 8.5% ad val. (s)		
	170.78	00	Snuff and snuff flour, manufactured of tobacco, of all descriptions.....	Lb.....	11¢ per lb.		55¢ per lb.
	170.80		Tobacco, manufactured or not manufactured, not specially provided for.....	.....	17.5¢ per lb.		55¢ per lb.
		25	Smoking tobacco in retail size packages.....	Lb.			
		45	Other.....	Lb.			

(s) = Suspended.

# TOBACCO ACREAGE, YIELD AND PRODUCTION



LATEST YEAR PRELIMINARY.

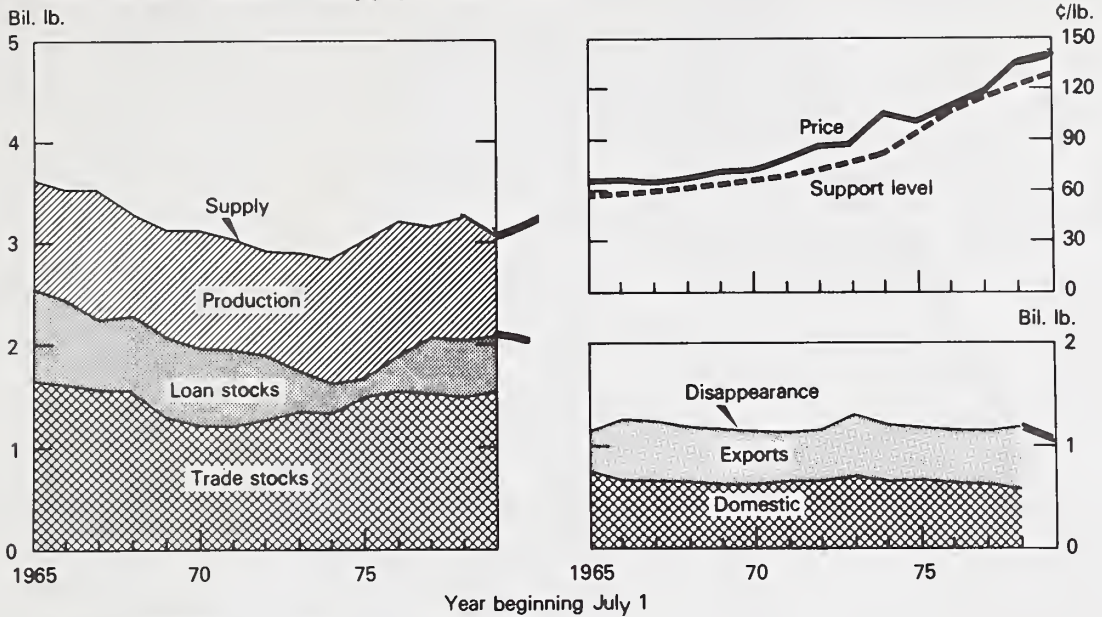
USDA

NEG. ESCS 8149-80(6)



Chart 292

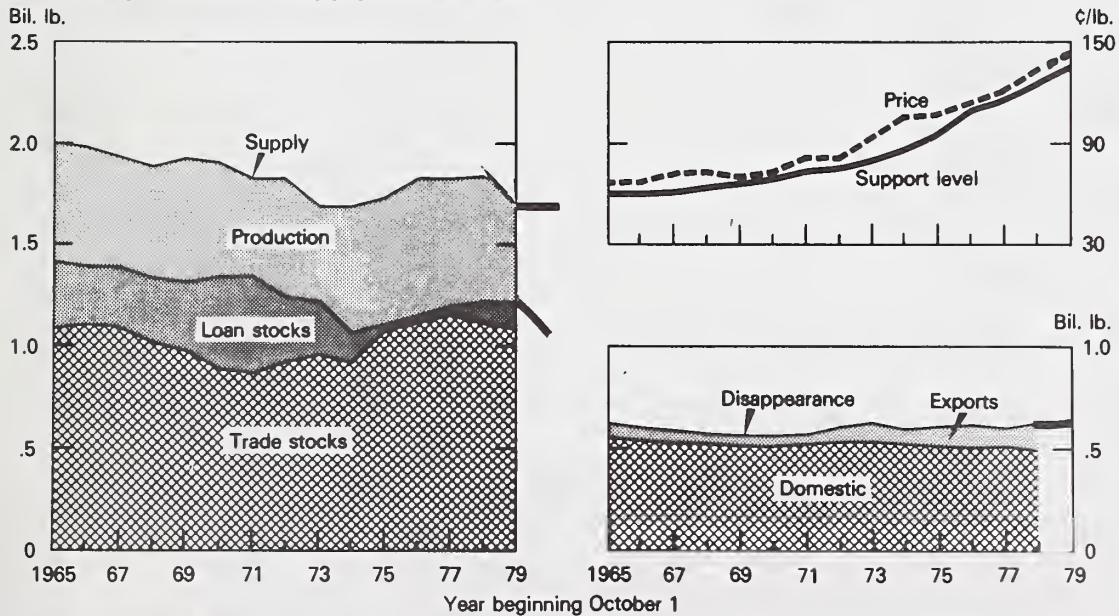
# Flue-Cured Tobacco: Supply, Price, Use



Trade stocks include manufacturers' and dealers'. Latest year forecast.

Chart 291

# Burley Tobacco: Supply, Price, Use



Trade stocks include manufacturers' and dealers'. Latest year forecast.

UNITED STATES DEPARTMENT OF AGRICULTURE  
WASHINGTON, D.C. 20250

OFFICIAL BUSINESS  
PENALTY FOR PRIVATE USE, \$300

POSTAGE AND FEES PAID  
U.S. DEPARTMENT OF  
AGRICULTURE  
AGR 101  
FIRST CLASS



To stop mailing ☐ or to change your  
address ☐ send this sheet with label  
intact, showing new address, to Informa-  
tion, Staff, ESCS, U.S. Dept. of Agricul-  
ture, Rm. 0054 South Building, 14th &  
Independence Ave. S.W., Wash., D.C.  
20250.

TS-172

JUNE 1980

LIST OF TABLES

Table	Title	Page
1	Cigarettes: Output, removals, and consumption 1970-80 .....	5
2	U.S. cigarette exports to leading destinations, 1978-80 .....	4
3	Cigars and smoking tobacco: Output, removals, and consumption 1977-80 .....	6
4	Tobacco products: Output, 1978-80 .....	6
5	U.S. tobacco exports by types and countries, 1969-80 .....	8
6	U.S. imports of unmanufactured tobacco for consumption and general, 1979-80 .....	9
7	Flue-cured and burley tobacco: U.S. supplies, disappearance, and prices, 1970-80 .....	11
8	Tobacco loan stocks, 1978-80 .....	12
9	Flue-cured and burley tobacco: Marketing quota and marketings, 1971-80 .....	12
10	Flue-cured tobacco: Effective farm quotas, destination and marketings, 1978-80 .....	13
11	Burley tobacco: Farm marketings by State and across-State-line movements, 1979 crop .....	14
12	Maryland tobacco: U.S. supplies, disappearance, and prices, 1971-80 .....	15
13	Fire-cured tobacco: U.S. supplies, disappearance, and prices, 1971-80 .....	16
14	Dark air cured tobacco: U.S. supplies, disappearance, and prices, 1971-80 .....	18
15	Cigar tobacco: Supplies, disappearance, and prices, 1971-80 ...	19
16	Cash receipts from tobacco, by States 1976-79 .....	21
17	Tobacco manufacturing corporations: Net sales, net income, profit ratios, 1970-79 .....	21
18	Unmanufactured tobacco exports, by types, to principal destina- tions, marketing years, 1978/79-1979/80 .....	22
	Statistical Summary .....	27